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WAR TIME CONTROL OF DISTRIBUTION OF FOODS

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WAR TIME CONTROL OF DISTRIBUTION OF FOODS

A Short History of the Distribution Division of the United States Food Administration, its Personnel and Achievements

BY

ALBERT N. MERRITT, Ph.D.

Member of the Staff, United States Food Administration

New York

THE MACMILLAN COMPANY

1920

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PREFACE

In the attempt to present a brief history of the Distribution Division of the United States Food Administration, we have found it quite impossible to treat the activites of this division apart from that of the whole Food Administration. The work of all divisions was so closely inter-related that it is difficult to point to a single achievement of any division which could have been effected without the closest coöperation and assistance from a number of Divisions which had charge of other phases of the activity.

However, as we do not wish to write a history of the Food Administration as a whole, a task which has been left to other hands, we shall confine ourselves largely to a statement of the relation of the Distribution Division to the main Food Administration program. The fact that space does not permit us to refer especially to the activities of other divisions should not in any way detract from the importance of the service rendered by them, nor is it intended to qualify in any degree the previous statement that many of the achievements mentioned could not have been accomplished but for the coöperation of all branches of the Food Administration.

We would also call attention to the fact that in this brief statement it is impossible to give special credit to individuals for their part in the activity of this division. All worked together. All spent their days and parts of their nights pondering over the vexing problems presented. In almost all cases the net results were produced by combining the ideas and views of all and the fact that a certain individual was in charge of a section of the division does not mean that the

activity of that section can be entirely attributed to this individual, but it must be attributed to the staff as a whole, as all were consulted and were always glad to render any advise or assistance possible in every important phase of the work in hand.

The following men remained connected with the Distribution Division practically from its organization till the withdrawal of the principal license regulations:

Theodore F. Whitmarsh, Chief
Henry J. Lahey, Assistant
George E. Lichty, Head of Retail Section
George A. Zabriskie, Flour and Sugar, Later Head of Division
Frank A. Hoey, Assistant
Charles Lester McCoy, Head of Report Section, Later head of Baking Section
Bird W. Housum, Brokers' Section
Charles Hatfield, Reports and Sugar Distribution
Frank H. Millard, Commercial Conservation, and Specialty Manufacturers' Section
Henry T. Leggett, Assistant to Mr. Whitmarsh
Clement R. Winslow, Retail Section
George W. Lawrence, Head of Coffee Section
Albert N. Merritt, Publicity and Censor

Others who were connected with the Division for a part or a greater portion of the time, and who performed important service for the Food Administration are:

Dana Tarbell Ackerly, Head of Rice, Coffee and Specialties Section
Richard R. Williams, Jr., Head of Wholesale Section
James W. Hunt, Later Head of Wholesale Section
Louis T. Jaques, Retail Section
Walter E. Coe, Retail Section
Omar H. Cheer, Retail Section

Dana F. Ward, Retail Section Fish
John Amerbach, Retail Section Meats
Furman T. Nutt, Jr., Coffee Section
Walter F. Blake, Coffee Section
Max A. Christopher, Report Section
Frank S. Tracy, Report Section
Irving H. Taylor, Correspondence
Mrs. Alice Gardner, Home Conservation
Mrs. Albertnie H. Glenny, Home Conservation
Miss Catherine C. Taussig, Home Conservation
Richard J. Walsh, Publicity
Duncan McDuffie, Head of Baking Section
Benjamin R. Jacobs, Baking Section
Harry F. Vories, Baking Section Crackers
Harry D. Tipton, Baking Section
A. J. Esberg, First Head of Baking Section
Huntley M. Child, Baking Section

Certain others were connected with the division at one time, but later became attached to other divisions. Among these were:

Enforcement Division:
Roland W. Boyden
James A. Ford
H. Parker Jones
Louis Horace Sawyer
Henry S. MacPherson

Public Education:
Trell W. Yocum

Coarse Grains:
John J. Stream
Joseph R. Leguenec
Scott F. Evans
Maurice E. Landauer
Matthew Purcell
G. A. Chapman

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WARTIME CONTROL OF DISTRIBUTION OF FOODS

CHAPTER I

THE TASK AHEAD

THE Food Control Act was passed by Congress and became effective August 10th, 1917. Mr. Hoover had, at the request of President Wilson, already come to Washington, and had gathered around him a few of the best trade advisors to be found in the country to assist him in formulating plans for the operation of the Food Administration after the law became effective. Among these men gathered as Mr. Hoover's Assistants was Mr. Theodore F. Whitmarsh, vice-president of Francis H. Leggett & Company of New York City, and at that time President also of the National Wholesale Grocers' Association. In this man was the dynamic force that was largely the source of the inspiration of every other man in the Distribution Division. Possessing almost the unlimited confidence of the Trade, he at once became a public servant of the most unflinching loyalty. At no time was the full performance of his public duty in any way affected by the fact that it might hurt the business of the trade with which he had been associated. His was the vision, and the dynamic force of performance. With him there was no uncertainty; a decision was nearly always ready on the most difficult and perplexing problems that had to be solved. He would

rather be wrong and keep going till he found the right than to stagnate with the inertia of indecision. No man ever came to Washington for a conference with him who can forget his motto, "Keep your eye on the ball."

Mr. Whitmarsh was in the game to beat the Hun and for no other purpose. He would give no consideration to any plan or ideas that did not seem to have a direct relationship to this one great aim. Time and again beautiful constructive schemes of food control and trade regulation were presented to him, whereby it was claimed that many long standing abuses of trade competition could be cured, but not one moment's consideration would they be given unless it could be shown that the scheme had a direct relation to winning the war.

In fact this was the guiding principle of the whole Food Administration. Mistakes no doubt were made, but at no time was any act or regulation promulgated that was not believed to be necessary for the maximum effort required to win the war. Mr. Hoover was as firm as adamant on this point, and at no time did he "lose sight of the ball"— even for an instant.

The objective set for the Food Administration was therefore simple and definite: — To HELP WIN THE WAR. The necessary steps in this direction were equally susceptible of clear and succinct enumeration.

1. To save food and prevent waste.
2. To distribute it equitably.
3. To distribute it at the lowest possible price to the consumer.
4. To prevent hoarding.
5. To save transportation.
6. To encourage production.

7. To facilitate the largest possible shipments of food to the Allies with the necessary shipments to neutrals and none to the enemy.
8. To provide for the growing needs of our army and navy.

On these fundamental principles, quoting from Mr. Whitmarsh, were to hang " all the law and the prophets (profits)." But the necessary steps by which these various principles might be put into operation presented enormously vexing and seemingly insurmountable problems. Food Distribution had always been effected previous to this time under freely competitive conditions, where self-interest had been the motive power, and the law of supply and demand the controlling factor. Economists and business men throughout the country were practically unanimous in the opinion that it would be not only inexpedient but practically impossible to obstruct seriously the law of supply and demand. But as the time approached for the actual operation of the Food Administration it became more and more apparent that radical interference with the law of supply and demand would have to be made.

The season of 1917 proved most extremely disastrous to crops in America, as well as to those in practically every allied country. In fact there was scarcely enough food in the United States for our normal consumption, while in England, France and Italy, the amount of food available would hardly have met half their normal requirements. Submarine losses and the heavy drain on shipping necessary to transport troops and military supplies, rendered it practically impossible to use the surplus food, not a large amount at best, in the southern hemisphere and the far East. The whole burden was, therefore, largely thrown on the

shoulders of America, and America had to make good or lose the war.

During the summer of 1917, prices for food products increased practically 100 per cent. There seemed to be no limit to the point to which they might advance. Although wages had advanced it would have been utterly impossible for them to keep pace with an uncontrolled advance in food prices, without the complete overthrow of all industry. With supplies so seriously inadequate, it was evident that under the free operation of the law of supply and demand, those with accumulated wealth, both at home and abroad, would have whatever food they required for their comfort, and the poorer classes would get little or none. The law of supply and demand offered no remedy for such an acute situation. Under its operation there could be no hope of securing an equitable distribution of food to the great masses of workers and their families. Hunger and starvation are the most compelling forces of all human activity. Those who are starving have frequently been known to eat even their fellow beings. It is at once apparent that with gaunt hunger and starvation prevalent among the masses, the maintenance of any stable government capable of effectively carrying on the war would be impossible.

Under the operation of the law of supply and demand scarcity of food and high prices are supposed to stimulate self-interest to activity for the prevention of waste and for greater production till the deficiency is removed. But the crop of 1917 had already been produced, and science had offered no means by which food could be produced in material quantities before another harvest, no matter what stimulus might be offered by famine prices. It was obvious also that as the 1917 crop had already been produced and was now largely in the hands

of manufacturers and dealers, any further advances in market prices would simply mean a profit which would accrue to them, without their having rendered any corresponding service. To be sure the same dealers and manufacturers would probably have to take corresponding losses during the readjustments which would occur at the close of the war, as there is always a sort of grim justice that works itself out in the operation of the law of supply and demand, but the exigencies of the war gave no opportunity even to consider such possible contingencies.

This country faced the stern necessity of the most extreme and arbitrary measures of conservation and control, or the loss of the war, which would practically have meant the destruction of civilization.

It was with the greatest reluctance, therefore, that the members of the staff of the Food Administration undertook the difficult and vexing task of forcing water to flow up hill, and of bringing under arbitrary control those time honored economic principles upon which our whole fabric of production, distribution and consumption had been based. But it had to be done and Mr. Hoover and Mr. Whitmarsh and the members of the staff associated with them set their faces to the grim task of doing it.

During the summer of 1917, the temper of the trades generally had been shown by expressions and resolutions of many national associations. These were almost without exception unanimous in willingness for any sacrifice necessary to win the war. The utmost confidence in the motives and leadership of Mr. Hoover was expressed, and it was obvious that the trades generally were willing to accept his views and follow his directions, regardless of any personal opinions which individuals might hold. An army without this spirit of

unlimited sacrifice and confidence in leadership cannot fight, and fortunately for this country and for the world, the food trades automatically resolved themselves into an army under Mr. Hoover's leadership, and this voluntary coöperation, so generally and so generously given, eventually proved to be an enormous contributing factor in winning the war. It is safe to say that without these voluntary sacrifices of the trades the Food Administration could not have proved a success.

In order properly to capitalize this good will, it was decided to allow the trades to regulate and police themselves so far as possible. Before any important regulation was promulgated, a number of the representative men in each trade affected were called to Washington. In most instances they came fortified by the spirit of war service and sacrifice, but in all instances after a conference with Mr. Hoover and Mr. Whitmarsh and with other members of the staff, and when they understood clearly what the Government wanted, and were then asked to make suggestions for the regulation of their particular trades, it was found that they were not only willing to do everything asked of them, but were prepared to make even greater sacrifices than were thought necessary.

Thus the principle of democracy and voluntary submission to self-made regulations became one of the fundamental principles of the Food Administration, and was at all times the method by which it was primarily sought to attain the ends desired.

The months of August, September and October, 1917, were filled with such daily conferences with the representatives of the various trades. Manufacturers, wholesalers and retailers in every line of trade to be regulated were given an opportunity of expressing their views. Producers and consumers were also called in,

and no source of information that might assist in the intelligent solution of the vexing problems confronting the Administration was left undrained. The wholesale and retail grocers especially gave evidence of their unswerving loyalty, and willingness to make any sacrifice that might be required. As results proved, the confidence which the Food Administration placed in this method of government by the consent of the governed was fully justified.

CHAPTER II

THE BEGINNINGS OF SUGAR CONTROL

EVEN before the licensing system was perfected, the Food Administration was compelled to face an acute and perplexing situation with reference to sugar. Many of the sources of the sugar supply of the European allies in Belgium and Northern France had been destroyed. Submarine sinkings had not only caused the direct destruction of enormous quantities of raw sugar, but had rendered the shipping situation so acute that it was impossible to spare tonnage to procure the large surplus of raw sugar in Java, amounting to nearly 1,000,000 tons. Our exports of sugar for the year 1917 were eighteen times the average for the three years preceding the war. Competitive foreign buying of raw sugar in Cuba became a near-panic when a clause was inserted in the War Revenue Bill providing for the repeal of the draw-back on sugar exported from this country. While this provision was eliminated some months later, it was believed at that time that it would pass, and foreign buyers that had been depending on exportations of refined sugar from this country later in the season, feared that they would no longer be able to procure their supplies as heretofore, and there was the most eager competitive buying in Cuba. This resulted in forcing up the price of Cuban raws in about six weeks from $5.77 to $7.77 per 100 pounds, duty paid, United States seaboard basis. The advance in the price of refined sugar was equally radical.

While most refiners did not officially advance their quotations beyond the $8.50 seaboard basis, on account of the extreme scarcity of available supplies, few of them if any were able to make shipments within 30 or 60 days of the time the order was received, and those who had spot stocks were able to obtain almost any price they desired for immediate shipment. In fact in August the price of spot sugar ran as high as $9.15 seaboard basis, and the demand was still unfilled.

England had reduced her sugar ration to two pounds per capita per month, and France had reduced hers to only a little over one pound per month. Their supplies were down almost to the vanishing point, and consequently it seemed impossible for them even to maintain this meager ration without liberal importations from this country. Notwithstanding the acute domestic situation, when these facts became known, Mr. Hoover immediately won the lasting gratitude of France by ordering the release for exportation to France of large stocks of sugar held at the Atlantic Seaboard, which had been intended for domestic consumption, and this country was thus brought face to face with an immediate and forced conservation of sugar.

It is not our purpose here to dwell upon the various measures of voluntary conservation, but only to mention the method of control by which the price of sugar was prevented from mounting to such heights that this commodity would have been beyond the reach of the ordinary wage earner.

In August, 1917, while the excitement was at its height, there was appointed an international sugar committee of which Mr. George M. Rolph, Head of the Sugar Division of the Food Administration, was chairman. On this committee Sir Joseph White Todd and

J. Ramsey Drake represented the allied governments, and W. A. Jamison and Earl D. Babst, with Mr. Hoover as ex officio member, represented the Food Administration. The purpose of this Committee was to check the competitive buying of Cuban raw sugar, and to bring about an equitable division of the available supplies between this country and the Allies. A Committee of refiners was appointed which consisted of the following: James A. Post, Chairman, Claus Spreckels, Charles M. Warner, George M. Earle Jr., and Robert M. Parker. This Committee agreed that the refiners would stop their competitive buying and limit their purchases to such quantities as might be authorized by the International Sugar Committee, which should also have the exclusive control of the price to be paid.

Under the operation of this Committee the price of Cuban raw sugar declined to $6.90 by September 14th, which was fixed as the maximum for the balance of the season's crop.

Conferences were had with the refiners of cane sugar, and it was agreed that refiners would not charge a gross profit to exceed $1.30 per 100 pounds, which was to cover shrinkage and all costs of manufacture. This left them a net profit not to exceed their average earnings before the war.

By agreement with the refiners also a maximum price of $8.40 f. o. b. seaboard was fixed for cane sugar in August, which was reduced to $8.35 October first, and to $8.15 December first.

On November 30th, 1917, the International Sugar Committee negotiated its contract with the Cuban Sugar producers. Cuba was also at war with Germany, and the Committee representing the producers was found equally patriotic and ready for sacrifice so that the contract as finally accepted permitted

a price on refined cane sugar of $7.35 seaboard, which price became effective on the seventh of January, 1918.

The beet sugar situation had to be treated in a little different way. The crop having already been produced, no excessive profits could possibly enlarge the production for the current year. The price of beet sugar up to this time had always been entirely controlled by the price of cane sugar, but pending the arrival of the new crop from Cuba it appeared that this would have afforded the domestic refiners, under the present circumstances, a profit which could hardly be justified under the law. Accordingly several conferences were held with the representatives of the beet sugar refiners, and, actuated by patriotic motives, they agreed to sell their sugar after October first, on the basis of $7.25 per 100 pounds, plus freight from seaboard. This was nearly $1.50 per 100 pounds under the prevailing market prices, and represented a voluntary sacrifice of the beet sugar interests.

The action of the Western Sugar Refining Company, and that of the California-Hawaiian Sugar Refining Company are especially to be commended, for on account of their geographical situation it was felt necessary that they should come in on the same terms as the beet sugar refiners, and as they had purchased their stocks of raw sugar based on the high prices of the preceding months, their agreement to sell on the $7.25 basis meant the direct loss of hundreds of thousands of dollars to them.

All sugar sold by the western refiners after October first was therefore on the basis of $7.25 per 100 pounds, seaboard. In order to make as little confusion as possible, the same price was made to apply on all sugar previously sold by the refiner that had not reached the purchaser on that date, regardless of the

contract price at which it had been sold. This of course meant revision of existing contract prices downward in amounts of from $1.00 to $1.50 per 100 pounds.

The next problem was to see that the consumer got the benefit of the reductions brought about by these sacrifices of the refiners and producers. All jobbers were informed at first unofficially, and later by direct announcement, that they must sell sugar on the basis of actual cost regardless of market conditions, and that they would in no case be permitted to exceed the margins which they customarily made before the war. It was further announced that any margin in excess of from fifteen to twenty-five cents per hundred pounds would be considered *prima facie* unreasonable, and the burden of justifying such excessive margin would be on the jobber.

No specific margin was set for the retailer. It was not believed at that time that the unlicensed retailer could be controlled directly, but it was intimated that a profit of one-half to one cent per pound would be regarded as ample, and all licensees were instructed to see that during the readjustment period, sugar sold on the new basis should be resold by the retailer to the consumer at a correspondingly low price. Local food administrators were instructed to watch this situation and to report all cases of profiteering.

The result of all this was naturally a condition of great confusion in prices during the month of October. On account of the extreme car shortage, the new crop did not begin to move in large quantities till the middle of the month, and in the meantime supplies were limited to stocks of high priced sugars. Most jobbers withheld from the market any low priced sugar arriving after the first of October, till their old stocks were ex-

hausted, but as some jobbers were out of old stocks before others, the lower priced sugar came in to compete with remaining stocks of sugar bought on the higher basis, and while there was no surplus, the effect of the offer of the low priced sugar was such that many jobbers absorbed some losses on their existing stocks.

Owing to failure of transportation facilities and to the conditions already mentioned, very acute sugar famines developed throughout the fall and early winter of 1917. On December 26th the total stocks of raw sugar on the Atlantic Seaboard were reduced to 5,946 tons, only four days' supply for New York state alone.

In many localities in the Eastern States sugar could not be procured at all for long periods of time. A method of controlling the retailer other than by voluntary persuasion was found when the license regulations were promulgated, and the price was kept fairly well under control notwithstanding the acute shortage. An effort to relieve the situation in the East was made by bringing in Louisiana sugar, but on account of an early frost, this crop was greatly reduced, and the effort met with only indifferent success. For a time practically the only relief came from the release of sugar by countries owning stocks at the seaboard held for export, on condition that the sugar so released would be replaced when the new Cuban crop should arrive. Nevertheless the fundamental fact remains that in this one of the very first efforts to control the law of supply and demand, the price was controlled, and maintained to the consumer at an average of eight and one-half to nine cents per pound through the middle Western States, and at about ten cents per pound in the North Atlantic States, prices which were probably less than half what they would have been during this period if there had been no control. Also, through

the arbitrary powers exerted by the Sugar Distributing Committee, a more or less equitable distribution of the existing supplies was obtained.

More will be said later relative to sugar control, and the only reason for bringing it in at this time is that all the important phases of the regulations were agreed upon and put into effect before the licensing system became operative, which is only one of the many striking illustrations of the emergency character of all Food Administration measures.

CHAPTER III

THE LICENSING SYSTEM

THE first license proclamation of the President was issued under date of August 14th, 1917. All millers of wheat and rye, and elevators handling and storing the same commodities, were required to operate under a Federal License after September first. Exception was made for millers with an operating capacity of less than 100 barrels daily, and for farmers' coöperative associations.

Under date of September seventh a proclamation was issued requiring all importers, manufacturers and refiners of sugar, sugar syrups and molasses to operate under a Federal License after October first, 1917.

It was thought at first that it would not be necessary to place distributors of groceries generally under license, but as the problem was studied more minutely, it was found that the provisions of the Food Control Act and the penalties for its violation were not sufficiently definite to afford adequate control except under a licensing system, which it was felt should be applied only to the right of the dealer to handle some of the more important staple commodities rather than to the right to deal in foods generally. Accordingly under date of October eighth a proclamation was issued requiring that a license should be obtained by all importers, manufacturers and distributors of any of the following commodities:

Wheat, wheat flour, rye or rye flour,
Barley or barley flour,
Oats, oatmeal or rolled oats,
Corn, corn grits, cornmeal, hominy, corn flour, starch from corn, corn oil, corn syrup or glucose,
Rice, rice flour,
Dried beans,
Pea seed or dried peas,
Cotton seed, cottonseed oil, cottonseed cake or cottonseed meal,
Peanut oil or peanut meal,
Soya bean oil, soya bean meal, palm oil or copra oil,
Oleomargine, lard, lard substitutes, oleo oil or cooking fats,
Milk, butter or cheese,
Condensed, evaporated or powdered milk,
Fresh, canned or cured beef, pork or mutton,
Poultry or eggs,
Fresh or frozen fish,
Fresh fruits or vegetables.
Canned: Peas, dried beans, tomatoes, corn, salmon or sardines,
Dried: Prunes, apples, peaches or raisins,
Sugar, syrups or molasses.

Exception was made for retailers whose gross sales of food commodities did not exceed $100,000 per annum, as these were exempt from license under the law. Exemption was also made for farmers, and for canners whose gross production did not exceed 5,000 cases of canned goods per annum.

The license proclamation of October eighth also brought under the licensing system operators of cold storage warehouses, and elevators for the storage of corn, oats, barley, beans, rice, etc. But our concern

here is chiefly with the application of the licensing rules to dealers in the non-perishable grocery products. More specifically, the list of non-perishables which were then licensed in the hands of the distributor consisted of the following articles:

Barley flour.
Canned or cured beef, pork, and mutton:

Including —
Veal, lamb, and ham.
Canned corn beef.
Chipped beef.
Drief beef.
Sliced bacon, whether in containers or not.

Excluding —
Beef juice.
Bologna.
Canned chili meat.
Corn beef hash.
Deviled ham.
Luncheon tongue.
Mincemeat.
Potted meats.
Sausage.
Scrapple.
Tripe.
Veal loaf.

Canned corn (including canned hulled corn).
Canned dried beans (including canned pork and beans, and chili con carne with beans).
Canned peas.
Canned salmon.

Canned sardines.
Canned tomatoes (including paste, pulp, and purée).
Coffee, green.
Condensed, evaporated, or powdered milk.
Cooking fats (including nut oil for cooking and edible tallow).
Corn flour.
Corn grits.
Corn meal.
Corn oil.
Cornstarch (including laundry starch).
Maple syrup.
Dried or evaporated apples, peaches, prunes, raisins.
Dried beans.
Dried peas, pea seed (including cowpeas).
Glucose.
Hominy (including canned hominy).
Lard.
Lard substitutes (including butterine, cocoanut oil butter).
Maple compounds.
Maple sugar.
Maple syrup.
Mixed and self-rising flours containing more than 50 per cent. of licensed flours.
Molasses (including beet molasses and sorghum).
Oatmeal.
Oleomargarine.
Oleo oil.
Rice, cleaned.
Rice flour.
Rolled oats.
Rye flour.
Sugar (including refined, clarified, plantation-washed, open-kettle, maple sugar, and corn sugar).

Syrups (including maple syrup; excluding beverage, medicinal, and rockcandy syrups).
Wheat flour (including graham and whole-wheat flour).

A few additional items were added by supplementary proclamations, but in the main the above list was not materially modified.

After a few final conferences with the representatives of the wholesale and retail grocery trades, the "License Regulations Series B" were decided upon and promulgated as effective November first. Blanks for application for licenses were issued on request, and licenses were automatically granted to all distributors who filled out the application blanks and gave the required information. No charge was made for the issuance of the license, and, due to the wide publicity given, there were very few dealers who by November first had not applied for licenses.

There was some misunderstanding, however, among a few of the smaller semi-jobbers who did both a wholesale and a retail business, and who assumed that inasmuch as their total gross sales did not exceed $100,000 per annum they would not require a license. The Food Administration ruled, however, that if the dealer did any jobbing business at all of a substantial volume, or if he held himself out to the trade as a jobber he would require a license even though sales were less than the amount specified. The exemption was for retailers, and there was no exception provided for jobbers. A letter issued by the publicity section of the Distribution Division to all such semi-jobbers cleared up this point, and in a short time practically everybody had applied for licenses who should have done so.

The purpose of the licensing system was to simplify

the enforcement of the law and regulations made thereunder. Without it no penalties could have been inflicted under the law except for specific violations proved beyond all reasonable doubt, and while the necessary legal machinery was being set in motion to obtain a conviction, the violations would have continued, and it is possible that the war might have been over before any substantial line of enforcement cases could have been brought to successful conclusion. In the meantime distributors would have conducted their business about as they pleased.

The licensing system put the burden of proof on the dealer. In case of violation of the regulations the Food Administration license could be withdrawn at any time. The business of the dealer would thus be closed entirely, and as a rule he was found to be quite willing to accept any pecuniary penalty and to give all necessary assurances for future good behavior, rather than to suffer the loss of his license which would result in the complete closing of his business. Furthermore, as all criminal statutes must be construed strictly for the benefit of the accused, it would have been impossible, without the licensing system, to put into operation many rules and regulations, which, while necessary to carry out the spirit and intent of the law, could not have been read into the law by any rule of construction.

The licensing system facilitated the gathering of the necessary information for the enforcement of the rules and regulations. All licensees in the classes above enumerated were required to keep their records in a suitable condition and open to inspection by any duly authorized representative of the Food Administration. They were further required to submit monthly statements showing stocks on hand of the various licensed

goods, cost and maximum selling prices of same. These reports were to be substantiated by affidavit, and were easily susceptible of verification.

The monthly reports were carefully scrutinized by the Report Section of the Distribution Division, and all excessive profits or other irregularities appearing were called to the attention of the licensee who made the report, and if the explanation proved unsatisfactory, or future reports showed the recurrence of the same irregularities, the matter was referred to the Enforcement Division.

The licensee was required to print the number of his license on all contracts, invoices and quotations issued by him, and was further prohibited from dealing with any person, firm or corporation required to obtain a license under the proclamation but who had not done so.

The licensing system had a most wholesome effect on the morale of the trade in general. Every dealer fully realized that he remained in business only by sufferance of the Food Administration. While the Food Administration was disposed to the greatest leniency toward first offenders, where it appeared that there was no intent to disobey the rules or regulations, it was soon understood that there would be no temporizing with willful offenders. The nation was in peril and the whole world was in the deepest distress. Millions of individuals over the world were actually dying of starvation, and our own troops were going to France in great numbers. It was obvious, moreover, that unless the morale of the civilian populations of France and England could be maintained by an adequate food supply, our army would be left practically alone to cope with the great military machine of the Central Powers.

Prompt and drastic action was necessary for the control of a small percentage of dealers, and the licensing system afforded a ready means by which such measures could be effected.

CHAPTER IV

FOOD ADMINISTRATION REGULATIONS — COST BASIS RULE

In discussing the Food Administration Regulations it is not our purpose to quote in detail from the law, or from the various licensing proclamations, or even from the regulations themselves. These documents stand for themselves, and volumes would be required for their detailed study. It is our purpose merely to touch upon the fundamental principles of food control as applied to the so-called non-perishable groceries, the method by which these principles were applied to the practical problems of the trade, and in a general way upon the results accomplished.

We shall pass by the method by which the wheat price was controlled and stabilized, for while the Distribution Division was more or less directly connected with the plans for wheat and milling control, and while this control represents a most important phase of Food Administration activities, the discussion of these measures belongs more properly to a general history of the Food Administration, or to a special one of the Grain and Milling Division. We shall take up more particularly the problems of distribution as they affected the wholesale and retail grocers, and shall refer to important commodity regulations only so far as may be necessary to illustrate the application of the general principles.

When the plans for the control of staple groceries

were first being formulated it was believed that such control might be effected through voluntary agreements with producers and distributors, as had been the case with sugar. Developments soon indicated, however, that there were many points of fundamental dissimularity between sugar and those commodities which it was now sought to control. The market on sugar had been stabilized by voluntary agreements with a comparatively few refiners, which agreements eliminated entirely competitive buying of the raw product. Countless numbers of producers of such commodities as canned goods, beans, dried fruit, etc., all over the United States, distributing through as many varied channels, rendered the securing of any voluntary agreement of this kind impossible. Unfavorable weather during the summer coupled with the most unprecedented and early freeze, which totally ruined the crops in many sections, had induced an extremely wild advance in market quotations on almost all staple groceries during August and September, 1917. In the discussion that follows we shall merely take canned goods as an illustration of the condition of the market on many other staple groceries, as the majority were affected to a greater or less extent by similar conditions.

A large proportion of the total pack of canned goods of this country is produced by small local canners. It is an industry which does not stand concentration or large aggregations of capital. The produce to be canned must be obtained in its fresh state direct from the grower, so that the radius of operation of the average canner is necessarily small. In order to insure a supply of the necessary raw material for his cannery, the canner must contract with the local growers for the crop of a certain number of acres to be planted

for the production of a given commodity. These contracts are usually made in the early winter. The canner then begins to lay in his stocks of tin cans, cases, machinery, labels and other necessary supplies for his season's pack. In order to do this the majority of canners find it necessary to borrow considerable capital from the local banks. Before loaning the money the bank usually wants to be assured that the canner has a market for his product at a definite price which will afford him a reasonable profit on his estimate of costs. In order to gain this assurance for the bank, the canner makes contracts with responsible distributors for certain quantities of goods to be delivered when packed, at a definite price. These contracts enable the small canner to finance his operations for the season, and they constitute a necessary factor in the production and distribution of this commodity.

The radical advance in prices which took place in the late summer and fall of 1917 was further augmented by increased requisitions by the army and navy of goods in the hands of packers. The price of canned goods broke away from all reasonable limits, and canned corn, peas and tomatoes advanced to two or three times their normal value. While this was the condition of the market at the time, a large part of the season's total pack was covered by future contracts between canners and jobbers which had been made in February and March of the same year at prices in many cases 50 per cent. below the prevailing market. It appeared that on account of the government requisitions and the early frost, many canners would be unable to deliver more than 25 per cent. to 50 per cent. on their contracts, while some of course were unable to make any deliveries at all. Jobbers who had sold these goods to their customers for future delivery entered

the market for spot stocks in order to cover their sales, and indications were that canned goods would soon be a luxury beyond the reach of the masses.

Many in the trade thought that the Food Administration should establish basic prices upon the principal licensed commodities upon which prices distributors' margins could easily be figured. But this method of control was wholly impracticable. Not only was it impossible to get all the canners and growers of the country together to agree on a basic price, as was done in the case of sugar, but there was no means of enforcing such a basic price under the law, even if it were to be established. The Food Control Act gave the Food Administration no authority to demand that anybody should sell goods below the actual cost. Its authority was limited to seeing that no unreasonable profits were exacted. There were thousands of canners and growers who had lost the most of their crops through the early frost, and it appeared that with their small output, not even the prevailing market prices would afford them more than the actual cost of production, and there were no means by which such canners or growers could arbitrarily be compelled to reduce their prices. Furthermore many jobbers and retailers had already purchased goods at the basis of the advance and it would have worked an injustice to them to require them to sell their stocks at a price materially below their cost, even if such action would have been permissible under the law.

It was obvious, therefore, that it would have been impossible to establish any basic price at a point materially below the prevailing market. But to establish a price in line with the market quotations would not only have fixed an abnormally high price for the consumer for the whole season, but it would have per-

mitted excessive and unreasonable profits on the part of dealers and speculators who had purchased stocks through contracts for future delivery made in the winter preceding, and whose purchases on the basis of the existing market showed a profit of from 50 per cent. to 100 per cent. or in some cases even more.

The natural inclination of the trade was to want to sell goods on the basis of the market value or cost of replacement. The Food Administration held a number of conferences with the wholesale and retail grocers on this point. While all indicated a desire and complete willingness to coöperate in whatever might be decided, it was with many misgivings that they contemplated the promulgation of an order which would compel them to sell their stocks of goods at a price far below the replacement value.

Both Mr. Hoover and Mr. Whitmarsh were, however, very firm on this point. Under the stern necessities of war they felt that the Food Administration could never be justified in allowing merchants to absorb the tremendous unearned profits which had accrued on goods purchased for future delivery. Accordingly some time before the regulations were promulgated it was announced that all licensed non-perishable groceries must be sold "at no more than a reasonable advance over the actual purchase price of the particular goods sold, without regard to market or replacement value at the time of such sale." The word "reasonable" was construed to mean the average percentage of profit made in pre-war times on the same commodity, on an even market and under freely competitive conditions.

This was the cost basis rule, and it was founded on the theory that in the time of war and general distress no one should be permitted to make an excessive profit out of war conditions. It was believed that such profits

could only represent increased sufferings of others. This theory of normal profits as the maximum remained and was one of the guiding principles of this branch of the Food Administration throughout its existence.

The effects of the operation of this rule and the details of its application will be referred to later.

CHAPTER V

LICENSE REGULATIONS —"SERIES A AND B"

THE first regulations promulgated were effective September 1st, 1917, and applied only to wheat and rye millers, and to elevators placed under license. The main features of these early regulations were:

1. The licensee was prohibited from making any unjust or unreasonable profit.
2. The licensee was required to permit the inspection of all records and books, and to make such reports under oath as required.
3. All storage space of elevators was to be subject to use by the Government if required.
4. Wheat or rye could not be stored for a period of more than 30 days without the written consent of the Food Administration.
5. Wheat and rye millers were prohibited from holding more than 30 days' supply of wheat or rye and the products thereof combined.
6. Wheat or rye millers could make no contracts for the sale of their products that did not provide for shipment within 30 days.

License Regulations Series B. covered the entire group of trades which were brought under the licensing system November first, and superseded previous regulation and informal announcements.

We shall briefly refer to the more important provisions of these regulations as they affected the wholesale and retail distributing trades.

The three main purposes of the Regulations were stated as follows:

"1. To limit the prices charged by every licensee to a reasonable amount over expenses, and forbid the acquisition of speculative profits from a rising market.

"2. To keep all food commodities moving in as direct a line and with as little delay as practicable to the consumer.

"3. To limit as far as practicable contracts for future delivery, and dealings in future contracts."

General Rules

Rule 1. All licensees were required to keep their records open for inspection at any time by a representative of the Food Administration, and to give all information and to make out such reports as might be required from time to time.

Rule 2. The licensee must permit the examination of his place of business and of all stocks of goods at any time on the request of a duly authorized representative of the Food Administration.

Rule 3. The Licensee was requested to keep such books and records as to make practicable any reports required by the Food Administration.

Rule 4. This rule prohibited any agent or employee of the Food Administration from divulging in any unauthorized manner, any information obtained by him while acting under authority of the Food Administration.

Rule 5. This rule prohibited every "unjust, exorbi-

tant, unreasonable, discriminatory or unfair commission, profit or storage charge."

Rule 6. The Licensee was required to keep all food commodities moving in as direct a line as possible to the consumer, without unreasonable delay. Resales within the same trade without reasonable justification were prohibited, especially where such resales had a tendency to bring about a higher price to the consumer.

Rule 7. Brokers were prohibited from buying and selling food commodities for their own account, unless they held themselves out to the trade as dealers in the commodity concerned, and obtained a dealer's license.

Rule 8. Licensees were prohibited from selling to brokers for the brokers' account, unless such brokers held themselves out to the trade as dealers.

Rule 9. Minimum carloads were specified for all the more important licensed food commodities.

Rule 10. Licensees were prohibited from dealing in food commodities for the purpose of controlling the supply or increasing the price.

Rule 11. Waste or preventable deterioration in the process of the manufacture, storage or distribution of foods was prohibited.

Rule 12. The licensee was required to notify the Food Administration within ten days of any change in his address or in the character of his business.

Rule 13. The licensee was prohibited from having in his possession, or under control by contract or otherwise any food commodities in excess of his normal requirements for 60 days. Exception was made for the following seasonal commodities which the licensee was permitted to purchase and store for his season's requirements.

Cotton seed	fresh fish	canned corn
cottonseed oil	frozen fish	canned salmon
cottonseed cake	fresh fruits	canned sardines
cottonseed meal	fresh vegetables	dried prunes
peanut oil	poultry	dried apples
peanut meal	eggs	dried peaches
butter	canned peas	dried raisins
cheese	canned tomatoes	molasses (in bulk)

In order to effect economies in transportation, exception was made so that a licensee might be permitted to purchase and store a carload of any licensed commodity.

Rule 14. The Licensee was prohibited from selling to anybody licensed commodities, except those specifically excepted under Rule 13, in quantities in excess of purchaser's normal requirements for a period of sixty days.

Rule 15. The Licensee was prohibited from making any contracts for future delivery of licensed commodities which did not provide for shipment within sixty days.

Rule 16. Contracts entered into in good faith before October 15th, were not to be invalidated by the three rules preceding, but the licensee having outstanding any such contracts upon which performance was not completed before January first, was required to submit a statement to the Food Administration giving all the facts with reference to such contracts, at which time a further announcement was to be made.

Rule 17. Licensees were prohibited from selling to anybody who made any excessive charge in handling food commodities, or who stored or held stocks of

foods beyond the requirements of his business for a reasonable time.

Rule 18. The Licensee was prohibited from bribing or giving presents to the agents of any firm, individual or corporation with whom he had dealings without the written consent of the principal of such agent.

Rule 19. The Licensee should not make public any market quotations, nor should he make any statements relative to prices which might have a tendency to cause an advance, unless he could fully substantiate such statements either from his own records or from the records of other licensees.

Rule 20 consisted of definitions.

Rule 21 provided that special rules should supersede the general rules in case of conflict.

Rule 22. The licensee was required to print his license number on all contracts, bills or quotations issued by him, and he was prohibited from trading with those requiring licenses, but who had neglected to obtain them.

We shall mention only a few of the special rules, as applied more particularly to wholesale and retail grocers. Under the caption applying to distributors of the "non-perishable" groceries we find: —

"Rule 1. The Licensee shall sell the above food commodities at not more than a reasonable advance over the actual purchase price of the particular goods sold, without regard to the market or replacement value at the time of such sale."

(This was the cost basis rule, already discussed, which constituted one of the main underlying principles of the Food Administration.)

The rules governing wholesale dealers in sugar in substance were as follows: —

Rule 1. Dealers were not permitted to make a profit in excess of their normal margin, or in excess of such margin as might be announced by the Food Administration. (As already pointed out the Food Administration had fixed a maximum margin of 15–25 cents per one hundred pounds for wholesale dealers in sugar.)

Rule 2. If any resales of sugar were made between merchants in the same trade, the total margins of all dealers handling a particular lot of sugar should not exceed the maximum which would be permitted a single dealer.

Among the Special Rules applicable to dealers in grain and cereal products we mention the following as more particularly affecting the wholesale and retail merchants.

Rules 6, 7, and 8. The licensee in dealing in wheat or rye flour was not permitted to carry stocks of these articles exceeding thirty days' normal requirements, and he could make no contracts for future delivery that did not provide for shipment within thirty days.

Rule 9 provided that all sales of wheat or rye flour in excess of 25 barrel lots should be made under a uniform contract prescribed.

Rule 10 provided that wheat or rye flour sold in packages should be sold at package differentials to be prescribed.

Rule 11. The cost basis rule was applied to dealers in all commodities of this class.

Rule 13 fixed a maximum net profit of 25 cents per barrel for millers of wheat and rye flour, and a maximum net profit of 50 cents per ton on wheat mill feeds, and provided a minimum milling extraction. The licensee was not permitted to charge any more for his flour if he purchased wheat at a price exceeding the Government price.

Rice Millers

Rule 1. Rice millers were prohibited from carrying stocks of rough rice in excess of 20 days' normal output.

Rule 2. Rice millers were not permitted to carry stocks of cleaned rice in excess of 30 days' normal requirements, or to make any contracts for the sale of cleaned rice that did not provide for shipment within 30 days.

Rule 3. Dealers in rough rice were limited to a gross profit of 1 per cent. over the cost of the goods sold, plus storage charges, interest, and insurance.

Rule 4 provided that rice millers should be subject to the same cost basis rule mentioned above for other products.

Canners

Rule 1. Canners of peas, corn, tomatoes, salmon and sardines were prohibited from making any contract for future delivery of their products before February first of the year in which the goods were to be canned.

Rule 2. The licensee was prohibited from making any contracts for future delivery of canned goods in excess of 75 per cent. of his average pack.

Rule 4. The cost basis rule was applied to all goods manufactured and on hand.

Rule 7. The licensee was prohibited from canning dried beans or dried peas, in tin, without a special permit from the United States Food Administration.

Manufacturers of Beet Sugar

Rule 3 prohibited the sale of sugar to speculators.

Rule 4. The licensee was prohibited from making contracts for the sale of sugar that did not provide for shipment within ten days.

Rule 5. The licensee was prohibited from selling sugar to anybody in excess of purchaser's normal requirements for 30 days.

Rule 6. Every licensee was required to issue a price list showing seaboard price and differentials in the principal markets in which he did business, and also the differentials charged for package goods. He was required to sell only at the quotations named and he was not permitted to change his list without mailing a copy of the revised list to the Food Administration.

Rule 7. The maximum commission fixed for sugar brokers was five cents per 100 pounds.

As far as interested the trade generally, the regulations governing the refiners of cane sugar were very similar to those for manufacturers of beet sugar, except that the cane sugar refiner was permitted to make contracts for shipment 30 days from the date of contract.

A brief discussion of the principles involved in some of the rules will be found in the following chapter.

CHAPTER VI

GENERAL PURPOSE AND EFFECT OF THE VARIOUS REGULATIONS

We shall briefly touch upon the general purpose and effect of a few of the rules and regulations which require some further explanation beyond the bare statement of the rule.

General Rule 5 prohibiting excessive profits was based on Section Four of the Food Control Act. It was interpreted very differently, however, for the various groups of commodities. Thus in the group of perishables it was obvious that owing to the frequent violent local market changes which sometimes occurred almost over night, the dealer should have some means of recouping his losses on one transaction by exceptional gains on another, or he would be compelled to go out of business entirely. Accordingly the dealer in this group of commodities was permitted to base his selling price on the market, but he was limited to a reasonable profit on his business for the season.

Flour millers were limited to a specific net profit of 25 cents per barrel on flour and 50 cents per ton on feed, but for the 1918 crop this was changed to a gross profit basis. Rice millers and sugar refiners were limited to a specific gross profit. Lard substitute manufacturers were limited both as to the price to be paid for the raw material and as to the selling price of their products. A maximum selling price was fixed

for packers of dried fruit, sardines and salmon. Meat packers were controlled by the limitation of a maximum profit of 9 per cent. on the actual capital invested and by a maximum of 2½ per cent. net on their annual sales as well as by the reasonable profit rule on the specific sale. Canners were subject to the reasonable profit rule on current sales, and to specific margins on the 1918 pack.

Our chief interest here however is with what was at that time Rule 1 of the Special Regulations for Distributors of Non-perishables. This is the cost basis rule discussed in a previous chapter. As already pointed out, wholesale and retail dealers in October of 1917 had large quantities of canned goods and other commodities purchased for future delivery at prices ranging far below the market quotations prevailing at the time. It had always been the custom of the jobbing trade and to a certain extent of the retail trade to base selling prices on the market value of the commodity sold, rather than on invoice cost. As market quotations fluctuated up and down the dealer under this system was as apt to suffer a loss as to make a gain through the action of the market. The exceptional losses counterbalanced the exceptional gains, and the normal profit of the dealer consisted in the average by which his selling prices exceeded his cost prices. Without doubt this method of merchandising is the only method practicable in normal times, and under free competition the law of supply and demand holds the profits of dealers to a normal reasonable basis.

But under the extraordinary conditions of war which the country faced at that time, the whole theory of supply and demand had to be relegated to the scrap heap. Dealers were required to sell the licensed foods on the basis of cost, notwithstanding market conditions.

To illustrate:—

Canned corn which cost the jobber 95 cents per dozen purchased for future delivery in February, 1917, had to be sold on the basis of its cost possibly at not more than $1.05 per dozen. On account of short deliveries from the packers and of insufficient supplies in general, the jobber who was thus compelled to sell corn at $1.05 per dozen was at the same time bidding as high as $1.80 or $2.00 per dozen for the same grade of goods still in the hands of canners.

This naturally resulted in much confusion of prices. The jobber who was fortunate and had received liberal deliveries on his future contracts was thus enabled and required to quote prices to the retail trade far below those that could be quoted by the jobber who had not bought futures, or who had received but a small proportion of actual deliveries on his future contracts.

In order to avoid the extreme confusion that would have otherwise resulted, jobbers and retailers were permitted to average the cost of all lots of goods of the same size and grade purchased before the license rules became effective, so that assuming that each merchant had bought a certain proportion of futures and a certain proportion of "spot" goods, their average costs would be more or less similar, and a selling price would be established somewhere between the market price as it existed at the time and the price paid for the futures. Through the operation of this rule the retailers received their stocks of goods at prices generally far below the existing wholesale price for the same goods at first hands, and means were found for compelling the retailer in the majority of cases to give the benefit of such purchases to the consumer.

The net result was that in many instances consumers were able to purchase canned goods by the single can

at prices sometimes from 20 to 25 per cent. below the price at which "spot" stocks in the hands of canners could be purchased.

The operation of this rule by placing in circulation a large quantity of low priced goods and by compelling canners to dispose of existing stocks of goods on the basis of their actual cost had more or less of an immediate effect on the canned goods market, and quotations for canned goods from canners were soon lowered by from 10 to 15 per cent.

To the lasting credit of the wholesale and retail trades of America it may be said that the vast majority of dealers cheerfully accepted this anomalous condition and played the game fairly, notwithstanding the fact that it meant the sacrifice of the enormous profits which had been rendered available by the action of the market.

It is estimated that on the group of non-perishables alone, as applied to the crop of 1917, the cost basis rule saved for the consumers of this country not less than $500,000,000 which would have otherwise gone to dealers as war profits.

Rule 6 or the resales rule, prohibited resales of licensed food commodities from one dealer to another in the same class of trade, without reasonable justification. It was obvious that no limitation of profits of any distributor would be of benefit to the consumer if one dealer could sell to another in the same class and the purchaser and seller should both be permitted to exact the normal profit allowed. In this way profits could easily have been pyramided and divided among several dealers, and the consumer would have lost all the benefit which he derived from the operation of the cost basis rule.

When first promulgated this rule caused a great deal

of confusion. With certain commodities and between certain dealers some resales within the same class of trade are necessary in order to effect the most economical distribution. Many dealers feared to make any resales at all, and in some cases the operation of the rule held up the prompt distribution of supplies. But it was not long till the special regulations applying to the various classes of trades were so amended as to define specifically what resales were justifiable, and the maximum profit which would be allowed in such cases. Throughout the entire period of operation of the Food Administration the theory prevailed that resales should be permitted only where some necessary economic service was performed, and in all cases profits of both parties to the transaction were closely limited. In some instances, as in the case of flour, feeds, sugar, and on "pickups" (accommodation sales) generally, the profits of both dealers could not exceed the maximum which would be permitted either one on a single sale.

Rule 9. MINIMUM CARLOADS. The tremendous increase in the exportation of food and munitions, coupled with the shortage of ocean tonnage, had congested all Eastern terminals, and side tracks were blocked with long lines of loaded cars that could not be moved. This condition threatened the complete breakdown of transportation, with the resulting failure of food distribution. Radical action was therefore necessary to save transportation, and to reduce to a minimum the number of cars required to perform the necessary service. This rule provided an average increase in the minimums over those of the published tariffs of the carriers which was about 50 per cent. These minimums remained in force with but a few modifications till after the armistice was signed. It would be utterly impossible to estimate the number

of cars saved by the coöperation of the trades in conforming to these minimums often at great disadvantage to them. It is safe to say, however, that the number of cars required for the distribution of the commodities on the non-perishable list of groceries was reduced fully 25 per cent. The coöperation of the railroads in enforcing this provision was most valuable, but the obligation to conform to the minimum stated was one which the licensee owed directly to the Food Administration and not to the carriers. At no time were the railroads granted authority to refuse to accept shipments which were in conformity with their published tariffs, but which did not conform to the Food Administration minimums.

While this requirement of extra heavy loading of cars was absolutely necessary as a war measure under the conditions which the country faced at the time, there are many reasons why it would be improper to apply the same rules in normal peace times. The excessive loading of cars not only increases the liability of the shipment to damage, but automatically causes many dealers to lay in larger stocks of goods than they would otherwise have to carry. Where jobbers secure their supplies by pool cars there is apt to be a considerable increase in the hauling or switching charges. Under the operation of this rule, a number of instances occurred where jobbers were unable to make up cars of the required weight. In such cases the Food Administration, when the facts were placed before it, would grant an exception to the rule, rather than to allow the shipment to be made at the less than carload rate, which would not have been an enconomy in transportation.

Rules 13 to 16 inclusive are the hoarding rules. It was the desire of the Food Administration to prevent

the accumulation of excessive stocks in the hands of any dealer, and to keep all foods moving as rapidly as possible in a direct line to the consumer. Neither wholesaler nor retailer was permitted to buy for himself more than a sixty-days' supply of licensed foods, nor to sell more than a sixty-days' supply to any purchaser. Exception was made for such commodities as were seasonal, and could not well be carried in stock from one season to the next at the point of production. These commodities, already enumerated, could be purchased in quantities sufficient for normal requirements for the season. The enforcement of the hoarding rule presented some of the earliest and most interesting cases where penalties were inflicted. We believe it safe to assert, that during the period of the war, hoarding of food stuffs in the hands of dealers was practically unknown, and the few cases where penalties were inflicted were so exceptional as to prove the immense value of these rules. However, hoarding on the part of the grower or consumer was quite a different matter, and had to be overcome almost entirely by artificial restrictions on the quantity of food which a retailer might sell to any given person, and more particularly by voluntary propaganda, thus enlisting the active moral support of the consumer. There were a few cases where penalties were inflicted on consumers for hoarding, though the legal basis for these penalties was in some doubt. Farmers as a rule were required to bring to market their entire surplus of the 1917 wheat crop.

The intent and effect of the other rules already enumerated are so obvious by their mere statement, that we will for the present omit further reference to them, and pass directly to the discussion of general Rule 17, and the successful effort made to bring the unlicensed retailer under direct control.

CHAPTER VII

CONTROL OF THE UNLICENSED RETAILER

It was with many misgivings that the Food Administration first undertook the control of the profits of the distributing trades. Congress had seen fit to exempt from the application of the licensing system both growers and associations of growers, as well as retail grocers whose gross sales of food products did not exceed $100,000 annually. The class of exempted retailers thus embraced more than 95 per cent. of the total number of retail dealers in the United States. While the general provisions of the law applied to all persons alike, it was only natural that retailers and growers should assume that the exemption from the licensing system virtually exempted them from the application of the law. It was obvious to the Food Administration that if both ends of the channels of distribution were thus to be free from control, the sacrifices forced upon all intermediate elements in the scheme of distribution would be in vain, as both producer and retailer would continue to exact whatever profits the law of supply and demand afforded them, and the consumer would be wholly unprotected from the possibility of unlimited profiteering.

It is not our purpose here to dwell upon the various steps by which the producer of the more important staples was limited in the amount which he could obtain for his products. By the direct control of licensees, and through the control of exports, certain limitations

were placed upon the amount which licensees might pay the producers for certain raw products, and by the enforcement of the hoarding provision of the law against producers as well as others some control of the price to be paid for farm products was effected. The chief concern of the Food Administration, however, with reference to the producer, was to see that the maximum production possible should be effected, and expression of this concern was given by the liberal profits and guaranteed prices offered the producers of many of the more important staples, so that the farmers constituted practically the only class which was protected from the possibility of losses due to radical declines in the market which were apt to occur in case of an early peace.

On the other hand, it was felt that the unlicensed retailer was entitled to no more special favors than were the other necessary agents of distribution. It was his business to pass food commodities along to the final consumer at the lowest possible margin, and if he had failed in his duty in this respect, or had attempted to exact the maximum profits possible under the near famine conditions that prevailed, food control would have been a failure. It was recognized that the patriotic motives of the large proportion of retailers would make possible a fairly adequate control of the majority of the trade for a short time, but it was equally well recognized that such a scheme of voluntary submission to control could not long be successful unless some means were found of forcing compliance on the retailer who refused to accept or submit to such control. The moral effect of allowing such dealers to go without punishment would have soon broken down any scheme of voluntary control.

Unfortunately the penalties which might be inflicted

for the violation of Section 4 of the Food Control Act were in considerable doubt, and it was not believed that any adequate control could be effected through an attempt directly to enforce the provision of the Law. Accordingly an attempt was made to bring the unlicensed retailer under *indirect* control, which fortunately proved successful, and later afforded an effective means by which he was brought practically under the direct control of the Food Administration regulations almost to the same extent as the licensee.

The retailer though unlicensed was not in a position to purchase but an infinitesimal proportion of the supplies for his normal requirements directly from the unlicensed grower. His supplies must necessarily pass through the hands of the licensed jobber. As licenses were granted or withdrawn by the Food Administration, practically at discretion, it was believed that the licensee could be required to submit to any reasonable regulation, even though the regulation found no counterpart in the law itself. Through Rule 17, of the General License Regulations, a drastic and effective penalty was read into Section 4 of the law itself whereby the licensee was prohibited from selling any food commodities to any dealer who violated the fundamental provisions of the Food Control Act. We quote this rule in full:

Rule 17. The licensee shall not knowingly sell any food commodities to any person engaged in the business of selling such commodity, who shall after this regulation goes into effect, violate the provisions of the Act of Congress approved August 10, 1917, by making any unreasonable rate or charge in selling or otherwise handling or dealing in such commodity, or by holding, contracting for, or arranging for a

quantity thereof in excess of the reasonable requirements of his business for use or sale by him for a reasonable time.

With this rule as a basis the entire scheme of the control of the retail trade was built up. The enforcement of the penalty provided entailed considerable difficulty, and required the giving of notice to all licensees not to sell any supplies to the dealer in question. In almost every case however the retailer found guilty of exacting excessive profits or hoarding was glad to submit to any alternative penalty, and to give any assurance required for future good conduct, rather than to allow the imposition of the penalty provided in this rule, which not only would close his business entirely till such time as the Food Administration felt inclined to remove the ban, but would also virtually ruin his reputation for fair dealing and render difficult if not impossible the conduct of a successful business after the war. The few cases where it was necessary to exact this penalty were handled with such speed and efficiency that a wholesome respect for the Food Administration was soon instilled in the mind of the most recalcitrant and unpatriotic retailer. Throughout the entire course of operation of the Food Administration, the unlicensed retailer was brought by these means practically under the same control as that exercised over the licensed retailer, and with the exception of licensees' reports he was subject generally to all the regulations promulgated affecting the distribution of commodities at retail.

However the Food Administration did not rely entirely on the enforcement of this regulation to secure efficient control of the unlicensed retailer. Acting under the theory that voluntary coöperation afforded

better results than compulsory control, plans were developed for securing this coöperation from the entire retail trade of America. In the conferences which were held preceding the promulgation of the Rules and Regulations, no important branch of the trade was left without giving its representatives an opportunity to be heard. Under the inspiration given these trade committees by such men as Hoover, Whitmarsh and Lichty, they became fired with a patriotic zeal to do their share in winning the war at whatever sacrifice necessary. Accordingly these representatives of the trade drew up a series of resolutions, pledging their efforts to secure the complete coöperation of the entire retail trade in all points of the Food Administration program. We quote below the resolutions in full:

"We, representing retail distributors of food products in the United States, in meeting assembled at Washington, D. C., October 17, A. D. 1917, do unanimously endorse and heartily approve the action of the President of the United States and of the Food Administration in proclaiming certain fundamental necessaries of life, and requiring that those dealing in these foods shall be put under license and governed by certain rules and regulations, to the end that these staple foods constituting the great bulk of the daily rations of the American people may be efficiently mobilized and controlled and placed in the hands of the consuming public at reasonable prices and without profiteering and manipulation.

"Further, as a result of our deliberations, we unanimously resolve and declare our purpose as follows:

"1. We will, whether licensed or not, coöperate with the U. S. Food Administration in every way possible

to insure the enforcement of its rules and regulations and the success of its conservation plans, and deliver to the consumers of the United States the necessaries of life as cheaply as it lies within our power to do. We will earnestly and vigorously recommend all other retail grocers to pursue this course steadfastly.

"2. We recommend that retail grocers discontinue the soliciting of orders during the period of the war.

"3. We recommend the limitation of all deliveries to one a day to any one family or on any one route.

"4. We recommend that under conditions and in localities where it is feasible, the coöperative system of delivery be employed.

"5. We urge all retailers and their clerks to concentrate their efforts on selling wholesome and nutritious substitutes for white flour and meat.

"6. We recommend that the retailers use their efforts to sell articles of food that are cheap yet of good quality in the place of high priced staples, and that in doing so they be guided by the recommendation of the Conservation Department of the Food Administration.

"7. We urge the most strict economy in the conduct of all retail grocery stores, and constant effort to eliminate all waste and extravagant methods, to the end that time, energy, fuel, equipment, and men may be conserved, and that wholesome food may be placed in the hands of consumers at the lowest possible prices.

"8. We recommend that retailers throughout the country and their associations, Local, State and National, coöperate to the fullest extent with the U. S. Food Administration, and that they immediately express their purpose so to do by communicating direct with the Administration in Washington.

"9. We express our appreciation of the support that has been given the Food Conservation work by the trade

papers of the country and earnestly solicit their continued coöperation with the Food Administration.

"10. We recommend that all retail grocers assist in the potato campaign of the Food Administration by urging the sale of that commodity this season.

"11. We urge that all food products, where possible, be sold by weight in reasonably large quantities and for cash.

"12. We recommend that all retailers urge the sale of such items as small prunes, cornmeal, oatmeal, rice, hominy and similar articles in bulk.

"13. We ask all retailers to urge the sale of such articles as soup stock and materials, peas, rice, barley, fresh vegetables and fresh and canned cove oysters.

"14. To the end that the country's industries and their workers may be maintained at the greatest efficiency, and that any unreasonable profits or speculation in food staples may be eliminated, we pledge ourselves to the United States Government not to sell any of the fundamental necessaries (as announced by the President of the United States in his Licensing Proclamation of October 8, 1917) at a margin of profit over the delivered cost to the merchant that will yield to him more than a *reasonable living profit, irrespective of the market conditions at time of re-sale;* and we pledge ourselves to urge other grocers, whether under the licensing plan or not, to the end that margins of profit by retail grocers throughout the country over the cost to them shall not be greater than prevails under normal conditions. We urge that each retail grocer act individually, and that he sell the staple foods at no greater profit than is reasonable in accordance with their cost, and his individual cost of doing business, as sanctioned by the U. S. Food Administration.

"15. We earnestly urge the members and officers of

every association of retail grocers as well as individual grocers in their respective communities, to advocate these principles persistently in their local associations, and to other retail grocers of the country, that in this grave national crisis, when our country needs us most, we may not fail vigorously to uphold the needs of the Government and to do our utmost toward a speedy and triumphant conclusion of our war against Germany."

Copies of these resolutions were sent to all jobbers with the request that they distribute them to the retail dealers of the country without expense to the Government. The response immediately given by the jobbing trade was truly significant. Scarcely a single one failed to reply to this appeal, and the aggregate number of copies requested for distribution exceeded 3,000,000. As this was far in excess of the total number of retailers in the United States, the number of copies sent to each jobber was materially reduced from the number of copies requested, but it is safe to assert, that there is probably not a single retail dealer in the United States that did not receive one or more copies of these resolutions from the jobber from whom he secured his supplies.

The Retail Section of the Food Administration personally took up these matters with representatives of the larger chain stores, and with the mail order houses, and the coöperation of these agencies was assured. A list of secretaries of all state and local retail grocers associations was obtained, and the Retail Section kept in close touch with these secretaries at all times. The coöperation of these various local associations proved most invaluable, and enabled the dealers of the country to work out the problems of food control as affected their trade collectively among themselves, so that per-

haps the best policeman for the retailer consisted in his fellow retailer who was not only desirous of carrying out the spirit and intent of the law, but was equally interested in seeing that his competitor should conform to the same rules.

Nor did the effort to secure the voluntary coöperation of the retailer end at this point. He was brought into personal touch with local representatives of the State Food Administration, and with the vast army of traveling salesmen who pledged their coöperation in personally disseminating instructions from the Food Administration, and by means of the pledge campaign, and by price publication, supplemented by direct communications from Washington, he was at all times made to feel his personal responsibility to the Government and to his Country.

CHAPTER VIII

THE DEALERS' PLEDGE CAMPAIGN

WHAT was perhaps the most important single agency relied upon to bring the wholesale and retail trades into complete coöperation with the Food Administration was the voluntary pledge asked and obtained from practically every dealer in the United States. A large pledge poster entitled "WAR CONSERVATION" was sent to all licensed jobbers with a personal appeal from Mr. Hoover, requesting that this pledge poster should not only be signed and displayed, but that each house should also pledge the active coöperation of its entire sales force in obtaining similar pledges from retail dealers, as well as in personally distributing Food Administration literature, and in assisting to educate all retail dealers to complete and active coöperation in the Food Administration program.

The response of the wholesale trade was immediate and gratifying. Pledge cards were soon received from practically all wholesale dealers in the country. The number of salesmen reported by each house was used as a basis for the apportionment of the work of distributing Food Administration literature, and of obtaining pledges from the retailer, and each salesman was given a Food Administration button in recognition of his services. From this time on throughout the entire course of operation of the Food Administration whenever the services of the 25,000 traveling salesmen who were pledged for this work were desired, the necessary material was mailed directly to the various jobbing houses in quantities proportionate to the number of

salesmen employed, and as a rule the wishes of the Government in the matter in hand were promptly carried out with little loss of material or delay.

The method and character of this pledge campaign may best be portrayed by a brief pamphlet which was issued at the time by the Publicity Section of the Distribution Division and which we quote in full. (See pages 55–62.)

In all about 430,000 of the pledge posters for retail dealers were distributed through the services of the traveling salesmen of the wholesale grocery houses. In a few states where the interest was perhaps less active, material assistance was given by the organizations at the disposal of the State Food Administrators, whose services at all times were an indispensable aid in carrying into effect all Food Administration policies, but who are mentioned but briefly in these pages, not because their work was unimportant, but because this sphere of activity more properly belongs to a general history of the Food Administration, rather than to a history of the Distribution Division.

The pledge campaign was immediately supplemented by the distribution through the jobbers' mail of practically one million copies of a brief "War Message" issued to the retail trade, and by a large postal card which was mailed direct to the retailers of the country, both of which set forth the main principles upon which the coöperation of the retailers was sought, and emphasized the fact that the exemption of the retailer from license did not exempt him from the application of the law, and that through the enforcement of General Rule 17, all retailers found guilty of hoarding or exacting more than a reasonable profit over cost of the goods sold would be subject to the drastic penalty of being cut off from their sources of supply.

UNITED STATES
FOOD ADMINISTRATION

Enlisting the Food Merchants

A campaign to win the voluntary support of retailers and wholesalers

---

THE METHOD OF DEMOCRACY

To Serve our Country we have enlisted in the United States Food Administration

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U. S. Food Administration Controlled Commodities

Apples, dried
Beans, dried and canned
Beef, fresh, canned and cured
Bread
Butter
Cheese
Cooking Fats
Corn, canned
Corn Grits
Cornmeal
Corn Oil
Corn Syrup
Cottonseed Oil
Eggs
Fish, fresh and frozen
Flour
Fruits, fresh
Hominy
Lard
Milk, fresh, canned and powdered
Molasses
Mutton, fresh, canned and cured
Oatmeal and Rolled Oats
Oleomargarine
Peaches, dried
Peanut Oil
Peas, dried and canned
Pork, fresh, canned and cured
Poultry
Prunes
Raisins
Rice
Salmon, canned
Sardines, canned
Starch, corn
Sugar
Syrup
Tomatoes, canned
Vegetables, fresh

We pledge ourselves to give our customers the benefit of Fair and Moderate Prices, selling at no more than a Reasonable Profit above Cost to Us

Signed .....

Member of the United States Food Administration

THE RETAILER'S STORE POSTER WHICH SHOULD BE DISPLAYED IN EVERY ONE OF THE 400,000 FOOD STORES IN THE COUNTRY

Enlisting the Food Merchants

A CAMPAIGN TO WIN THE VOLUNTARY SUPPORT OF RETAILERS AND WHOLESALERS.

THE METHOD OF DEMOCRACY.

Sweeping powers for compelling the sale of fundamental foods at reasonable prices and for punishing those who speculate, hoard, or engage in other unfair practices are given to the Food Administration under the law of August 10, 1917.

The aim of the Administration, however, has constantly been to accomplish its purposes with a minimum of compulsion, through voluntary support and compliance with the law, in spirit as well as in letter, on the part of patriotic manufacturers, wholesalers, retailers, and others handling staple foods.

There are solid grounds for this aim. Already hundreds of firms engaged in these businesses have freely pledged their coöperation and backed their pledges by action—often at great cost to themselves.

In order to crystallize this support and extend it to include all handlers of necessary foods, a national campaign has been organized.

TO REACH 400,000 RETAIL GROCERS.

All retailers of food, of whom there are more than 400,000 in the United States, are to be reached by this campaign. Each will be invited to enlist as a member of the Food Administration. He can not do this, however, until he has signed a pledge to give his customers the benefit of fair and moderate prices, to sell the necessaries of life at no more than a reasonable profit above cost to him, and to coöperate with the State and National food administrators.

This pledge is presented to the retailer in the form of a large attractive poster, printed in two colors and bearing a list of the 20 or more groups of foods which the Food Administration is seeking particularly to control. Having signed his name to the pledge, the retailer hangs the poster in his store or window, where it may be seen by his customers.

Thus displayed, the poster serves at once as an advertisement for the store and a constant reminder to the merchant and his customers of his obligation to sell at reasonable prices.

ALL WHOLESALERS TO HELP.

In order to reach all retail merchants, wholesale grocers are being asked to assist, through their salesmen who are in daily contact with the trade throughout the United States.

All wholesale grocers who obtain licenses are also invited to become members of the Food Administration.

In order to obtain such membership the wholesaler must sign a pledge similar to that signed by the retailer.

This pledge, together with the list of licensed foods, is also part of another large poster headed "War Conservation Program." Each wholesaler is given a copy of this poster to be signed and displayed in his place of business.

Each licensed dealer signing this pledge is also given the right to print on his letterheads, invoices, and other stationery the words "Member of the United States Food Administration," with the shield-and-sheaf insignia, for which a cut is given to him. This insignia may be used in connection with the license number, which is required to be printed on all invoices, contracts, orders, etc. The insignia cut, however, should not be used in advertisements.

ENLISTING THE SALESMEN.

The connecting link between the wholesaler and the small retailers is supplied by the salesmen. As soon as a company becomes a member of the Food Administration it is asked to give active assistance in enrolling the retailers whom the salesmen meet in their daily work.

The particular duty of the salesmen is to obtain pledges from retailers, and to supply those who enlist with copies of the retailers' poster. For this purpose every member is given a number of copies of the retailers' poster which he undertakes to distribute.

In addition to wholesale grocers, the licensed manufacturers, brokers, canners, packers, and others who come in contact with the retail trade will be welcomed as members, and invited to assist in the movement in whatever way may seem practicable.

It is estimated that about 40,000 salesmen will be engaged in the campaign as part of their daily routine, and

that through their active effort practically every store in which foods are sold will be solicited to give its voluntary support to the Food Administration.

Many wholesale grocery houses, manufacturers, and others hold weekly or fortnightly sales conferences. At each of these conferences the manager is asked to set aside five minutes for discussion of the campaign, including a short "ginger-talk," for which material is sent to him.

The Federal Food Administrators in all States will also accept pledges and supply posters to retailers. Representatives of the State administrators will be on the watch to see that posters are displayed in all stores, and where the poster does not appear will investigate the reason. If a merchant displaying the poster is not living up to the pledge, the State Administrator has authority to remove the poster.

THE DEMOCRATIC WAY.

The significance of this broad campaign is far deeper than may appear at first thought. It is indeed typical of the whole program of the Food Administration, in its insistence upon coöperation rather than coercion, upon the compelling force of patriotic sentiment as a means to be tried before resort to threats and prosecutions.

It has often been asserted that "democracy cannot make war efficiently"; that before we can win, we must adopt autocratic methods. America to-day is fighting for democracy in a double sense.

It is striving to "make the world safe for democracy," and in doing this to prove beyond doubt that democracy can be efficient, that it can be so organized as to be infinitely more powerful than autocracy.

MOST MERCHANTS ARE PATRIOTIC.

The great majority of American citizens engaged in supplying food to the people are both honest and patriotic—like the great majority of men engaged in any other legitimate business. They have been quick to come forward and pledge their full support. By the thousands they are joining the forces of the Food Administration, because they are glad to find a tangible way of guaranteeing this support.

All of this vast force of public opinion is being thrown into the balance on the side of fair merchandising and moderate prices, lifting into the strong light of exposure those few who are disloyal and dishonest.

This is the democratic way of getting results.

It works somewhat more slowly. It is far more sure. And it leaves behind it, when the emergency has passed, not a trodden, broken-spirited people, but a people strengthened, purged, and inspired by the knowledge that they have won by their own endeavor.

The insignia below may be used on stationery, invoices, etc., by wholesalers and other licensed dealers signing the pledge to coöperate with the Food Administration

UNITED STATES FOOD ADMINISTRATION

WAR CONSERVATION PROGRAM

THE TASK AHEAD

GERMANY'S greatest ally is the false belief in the United States that the war will be short. Face the grim facts. Prepare in your own home, in your business, and in your community.

Business efficiency

This is a war not of armies and navies, but of nations. We must have better merchants, better laborers, better citizens.

Business must go on and shall prosper—but waste, extravagance, must end.

Conserve

Food—time—energy—materials—equipment.

Do your best to aid in the production of more food.

Prevent waste

As a war measure, make frequent and PERSONAL study of your business, and find what savings can be effected.

Stocks

Reduce duplicate stocks within reasonable limits.

Fair profits only

Do not make or accept any unreasonable rate, charge, or price.

Avoid speculation

Buy only for PRESENT needs and to meet the known requirements of your normal trade.

Do not sell to or buy from speculators.

Discourage purchases beyond usual needs by consumers, retailers or others.

Service

Render no extra or nonessential service to customers.

Curtail credits within reasonable limits. Encourage cash transactions.

Eliminate all unnecessary delivery service. Save labor and time for the war.

Persistently discourage the practice of returning goods.

Sell in original packages.

Transportation

Save cars, ships, and other transportation equipment.

Insist upon close, secure, and careful packing.

Load to capacity.

Order capacity carloads regardless of the minimum tariff requirements.

Load and unload promptly.

Buy food products produced at near-by points wherever possible.

Salesmen

Enlist the patriotic coöperation of your salesmen, and have them in their daily visits to the trade, urge conservation.

Home economics

Through your own advertising, your salesmen, and your personal influence in your own community, aid in the food conservation campaign.

EAT WISELY AND WITHOUT WASTE.

POSTER FOR WHOLESALE DISTRIBUTORS LICENSED BY THE FOOD ADMINISTRATION (CONTINUED ON NEXT PAGE)

U. S. FOOD ADMINISTRATION CONTROLLED COMMODITIES

Wheat, wheat flour, rye, rye flour
Bread
Barley, barley flour
Oats, oatmeal, rolled oats
Corn, corn grits, cornmeal, hominy, corn flour, starch from corn, corn oil, corn, syrup, glucose
Rice, rice flour
Dried beans
Pea seed, dried peas
Cottonseed, cottonseed oil, cottonseed cake, cottonseed meal
Peanut oil, peanut meal
Soya bean oil, soya bean meal, palm oil, copra oil
Oleomargarine, lard, lard substitutes, oleo oil, cooking fats
Milk, butter, cheese
Condensed, evaporated and powdered milk
Fresh, canned and cured beef, pork and mutton
Poultry, eggs
Fresh and frozen fish
Fresh fruits and vegetables
Canned: Peas, dried beans, tomatoes, corn, salmon, sardines
Dried: Prunes, apples, peaches, raisins
Sugar, syrups, molasses

AS A MEMBER of the United States Food Administration, we pledge to the Government, and to our fellow-countrymen, that we will, to the best of our ability, adhere to the war conservation program and loyally coöperate with the Food Administration. We pledge ourselves to give our customers the benefit of FAIR AND MODERATE PRICES, selling at no more than a REASONABLE PROFIT ABOVE COST TO US.

Signed

Member of the United States Food Administration, and Licensed Thereunder

BALANCE OF POSTER CONTINUED FROM PRECEDING PAGE

CHAPTER IX

TRADE ABUSES — COMBINATION SALES

WASTEFUL competition among dealers had given rise to many trade practices which had served to increase the cost of the distribution of food products, but which served no real economic purpose in the scheme of distribution. Under this heading may be classed the abuse and waste through careless buying and returned goods, trading stamps, premiums, excessive delivery service, extensive credit, and combination sales. In going over the field of trade abuses it was only natural that the representatives of the trades desired the Food Administration to eliminate all such abuses as wasteful practices, but after the most careful consideration of this subject, the Food Administration decided that it could take no action toward the elimination of abuses *per se*, except in a recommendatory way. If the trades could not themselves voluntarily find a means of eliminating competitive abuses which increased their expenses of doing business with no corresponding benefit to the consumer, it could not be the prerogative of the Food Administration to regulate the trades and do for them what they ought to do for themselves without compulsion. The relation of such regulations to the enforcement of the law and to the winning of the war was not sufficiently definite, and the field presented such intricate and perplexing problems, and such a vast divergence of local conditions, that effective regulation along some of the lines proposed appeared unlikely.

Accordingly the activity of the Food Administration in this direction was largely confined to recommendations and suggestions which in many cases assisted the trades in regulating themselves on these points. Though under pressure to do so at times, the Food Administration did not take any direct position against the giving of premiums and trading stamps, but war-time economies, forced on all dealers, led to the almost complete abandonment of these practices.

The Food Administration undertook an active campaign to reduce the number of retail deliveries to one per day, and in some localities to establish coöperative deliveries. In this effort it was supported by the necessity of the reduction of expenses forced upon all retailers, owing to the scarcity of labor and materials. The consumer was appealed to and asked to accept the reduced services given by the retailer in the same spirit in which other war sacrifices were borne, and substantial progress was in this way effected.

Much literature was distributed in the interest of cutting down excessive credits and of establishing the cash and carry system wherever practicable. The housewife was asked to do her own marketing as far as possible, and the general theory prevailed that where the consumer demanded unnecessary and unreasonable service, this should be refused entirely or charges made accordingly. The War Industries Board in connection with the Food Administration instituted a vigorous campaign against the returned goods evil in all lines of trade and very substantial progress was made toward the elimination of this wasteful practice.

The proper consideration of these various measures of the Food Administration to effect war economies in distribution through the elimination of abuses of the kind mentioned would require a treatise in itself, and

as we are more particularly concerned at this time with positive regulation and control we shall mention only a few abuses which were treated more definitely.

Some of these trade abuses constituted such directly wasteful or misleading and deceptive practices that they could be made the direct subject of control by positive regulation. Such was the abuse of return of stale bread by the retailer to the baker. As long as the retailer could get full credit for stale bread returned, he was very careless about the quantity ordered. The stale bread returned on the following day and exchanged for fresh bread frequently amounted to from 7 to 10 per cent. of the original purchase. The bread returned was wasted or fed to animals, and almost entirely lost for the purpose of human consumption. During a time of such acute wheat shortage as prevailed in the season of 1917–18 the Food Administration could not permit the continuation of this extremely wasteful practice, and one of its first acts was the regulation by which bakers were prohibited from accepting the return of stale bread.

The result was that the retailer became more conservative in his purchases, and used his best efforts to dispose of all the bread purchased in any given day before starting the sale of the bread purchased on the following day. As a rule it was not a difficult matter for him to induce some of his customers to relieve him of his day old bread by a slight concession in the price. The elimination of the return of stale bread also resulted in such a substantial saving to the baker that he was enabled in many instances to reduce his price of fresh bread.

Combination sales also came under the field of positive regulations, not only on the grounds that they constituted wasteful practices, but also that they were

frequently designed to mislead and deceive the purchaser.

For a long time it had been the custom of many dealers to advertise the sale of some well known article of a standard and practically uniform wholesale price to all merchants, at cost or in many cases far below cost. The condition of the sale was that purchaser should also buy a considerable quantity of other goods.

The combination usually consisted of a number of articles with reference to which the dealer's cost was not so well known, and which on account of the varying quality of the goods offered could not be so standardized in price. The consumer was thus led to believe that a great bargain was being offered, whereas an analysis of the dealer's profits on these combinations almost invariably showed that they averaged higher than those of other dealers where each article was sold on its own merits. Thus in many important newspapers and magazines could be found such advertisements as "Sugar at four cents per pound," "Flour at $8.00 per barrel," when as a matter of fact the wholesale price of these articles at that time ranged from about eight cents per pound on sugar to $12.00 per barrel on flour. The profits of the dealer on other articles in the combination usually brought his average profit on the total sale up to a point which would not only cover his legitimate expense of doing business, but would also cover the excessive cost of the unnecessary and wasteful publicity which this method entailed, leaving him a net margin considerably more than could have been obtained if each article had been sold at its proper value.

Furthermore, it was apparent that if the dealer were permitted to make combination sales of licensed commodities with other goods which were not licensed,

upon which profits were not so minutely regulated, it would be possible for the dealer to adjust his combinations so that the licensed articles would not carry more than a legitimate profit, but the unlicensed articles would carry a profit much beyond what the dealer might obtain without the combination, so that the extra profit would really accrue on the licensed articles which might be in active public demand, and which might have been purchased at far below the present cost of replacement. In this way the consumer would be robbed of all benefit which might otherwise accrue through the operation of the cost basis rule on licensed commodities, as the dealer could cover up his profits on the licensed article by exacting excessive profits on other articles in the combination. Furthermore combination sales were distinctly a wasteful practice in that they frequently induced purchasers to lay in stocks of certain foods that they did not want, in order to obtain what they did want, and the surplus so obtained was frequently not used economically, and was sometimes wasted. In the acute food shortage prevailing at the time it was the desire of the Food Administration that purchases of the consumer should be as small as possible, and the combination sales offered were a distinct inducement to larger purchases of foods than actually required.

The first step of the Food Administration toward the elimination of this evil was a request made to the newspapers and magazines to cease publishing misleading advertisements of the kind referred to above, and the houses that conducted business in this manner were asked to discontinue making such advertisements. The prompt issuance of a positive rule against combination sales was delayed for a short time, however, owing to the fact that many retail dealers found no other

means of protecting their extremely limited stocks of sugar. A few people who were hoarding sugar went from store to store, buying two pounds at each store, and in the effort to confine sales to regular customers with legitimate needs, retailers sold sugar in many instances only in connection with the sale of a given quantity of other groceries.

As the abuse of the privilege of making combination sales became more apparent it was eventually necessary to issue a positive rule forbidding them entirely, and such rule was promulgated November 17th, 1917. In order to still afford an opportunity for the retailer to protect his limited sugar stocks from repeaters, an exception to the rule permitted him to combine the sale of sugar with corn meal in the proportion of two pounds of corn meal to one of sugar. Where retailers took advantage of this provision, the hoarder of sugar found it necessary to hoard also double the quantity of corn meal. With the abundant corn crop in sight the Food Administration was anxious to force the consumption of corn meal in as large quantities as possible in order to save wheat, and it was thus hoped that this rule would not only enable the dealer to stop the hoarding of sugar, but would afford an increased consumption of corn meal.

The Food Administration soon found it necessary to still further modify its combination sales rule in order to require the sale of wheat flour substitutes with wheat flour, as provided in the " Fifty-fifty " rule, which we will now consider.

CHAPTER X

"FIFTY-FIFTY" RULE

THE most serious crisis faced by the Food Administration during the whole period of its operation was the wheat shortage of the season of 1917–18. Throughout the Northern Hemisphere disastrous crop failures occurred in 1917. Our own crop following the exceedingly short crop of the previous year, was only sufficient to meet our normal requirements for home consumption and seed. France and England, which normally produce only about one-half the wheat they consume, both suffered tremendous crop losses, and their total production was considerably less than one-third of their normal consumption.

The civilian populations of France, England and Italy had always depended on bread as constituting a large part of their daily subsistence. In fact an estimate prepared by the Statistical Division indicated that bread constituted 67 per cent. of the total food stuffs consumed in France in normal times, while it constituted but 39 per cent. of the total diet of America. Even if the European peoples could have changed their habits so as to use substitutes instead of wheat, the substitutes were not available for them and the total supply of the coarse grains available for the maintenance of their herds was even proportionately less than that of wheat.

The extreme seriousness of the food situation with the Allies at this time, and the character of the almost

frantic appeals which we were constantly receiving from across the water, may best be illustrated by two official cablegrams which were received, one from Painlevé addressed to the French High Commission in this country, and the other from Lord Rhondda, the British Food Controller. A translation of the French cablegram, received October 7th, 1917, is as follows:

"I must call your attention to the present situation of our cereal supplies, which is very serious. Our crop does not reach 3,900,000 tons when the average crop of the last ten years before the war was 9,400,000 tons.

"As you see we face an enormous deficit. With the amount immediately necessary for sowing, that is to say, 800,000 tons, and the stock for domestic consumption, there is practically nothing to save the large cities from starvation or to supply the needs of our armies from to-day onward.

"I had already acquainted you with the very poor prospect of our crop. The bad weather of July and August have deeply aggravated the above situation.

"We have a large deficit of our wheat imports in August and September. The threshing is very slow, in spite of our activity; we have already been obliged to consume our wheat imports. There is no available wheat to-day and we are living from hand to mouth.

"With regards to the cereals which we are using as substitutes for wheat, the situation is causing us great anxiety. The crop of these cereals will reach only 500,000 tons.

"So we have decided to use all the available ships in North America to transport cereals prior to any other kind of cargo. It is urgent to obtain the same effort from the United States.

"We deem that the ships transporting wheat have

to sail prior to the ships transporting war materials and troops till the situation is reëstablished. The help that the United States can give us must be 200,000 tons a month for three months, over and above the quantity we transport by our own means.

"If the United States Government agrees to our request and decides to order some ships to transport our cereals, kindly let me know immediately the names and positions of these ships which will be communicated to the Wheat Executive.

"Mr. Hoover will have to be told the situation so that he will increase the quantities to be delivered to the Wheat Export for the Allies, and we ask you to second Mr. Robson of the Wheat Export with your personal influence with Mr. Hoover.

"At this morning sitting the 'Conseil des Ministres' decided to send you this cable, asking you to settle this matter prior to any other as the situation is so extremely serious. Even go and see President Wilson for I must repeat that the situation is very grave not to say perilous.

"PAINLEVÉ."

The cablegram from Lord Rhondda was received on the 24th of January, and we quote the following excerpt:

"Unless you are able to send the Allies at least 75,000,000 bushels of wheat over and above what you have exported up to January first, and in addition to the total exportable surplus from Canada, I cannot take the responsibility of assuring our people that there will be food enough to win the war. Imperative necessity compels me to cable you in this blunt way. No one knows better than I that the American people, regard-

less of national and individual sacrifice, have so far refused nothing that is needed for the War, but it now lies with America to decide whether or not the Allies in Europe shall have enough bread to hold out until the United States is able to throw its force into the field. I have not minced words because I am convinced that the American people, if they know the truth, will not hesitate to meet the emergency.

"RHONDDA."

The Food Administration replied to the latter cablegram as follows:

"We will export every grain that the American people save from their normal consumption. We believe our people will not fail to meet the emergency.

"HOOVER."

There was an abundant surplus of wheat in Australia, but on account of the tremendous submarine losses, and the resulting acute shortage of ocean tonnage, it was impossible to send ships such a great distance without the complete abandonment of the United States military program for transporting troops to Europe, which would probably have meant the loss of the war. The Allied Governments effected every economy possible in their consumption of wheat. The largest proportion of substitutes was used mixed with the flour as could possibly be baked into a loaf, and their rules for milling extraction required the use as flour of such an extremely high percentage of the wheat kernel that the flour produced was of an extremely low grade, and had poor keeping qualities. Furthermore their people were put on a limited flour allowance, and even the soldiers in the French army were compelled to

subsist on extremely short rations of bread of the poorest quality.

It was obvious to all acquainted with the situation that the peoples of the allied nations could not stand any further reductions in their food allowance, and if their efficiency in the war was to be maintained America had to supply them wheat.

As America had only produced wheat sufficient for her own normal consumption it was clear that the necessary wheat for the armies and for the civilian population of the allied nations could only be obtained by inducing the people of this country to reduce their consumption in material quantities.

Rules were passed providing for the highest milling extraction consistent with the safe keeping quality of flour. The use of edible milling wheat for animal feed was forbidden entirely, as was also its use in foundries and in making paste and similar articles. All manufacturers using wheat flour in the production of various foods, such as crackers, breakfast foods, macaroni, gluten flour and many other preparations were placed under license, and either strictly limited in their use of wheat to a definite percentage of their normal requirements, or were denied the use of wheat entirely.

Appeal after appeal was made to the American public. The urgency of the situation and the necessity of saving wheat to win the war was set before them in the most forceful way possible. But the American people were not as yet trained in the school of self-sacrifice. No doubt a considerable portion of the people endeavored to carry out the wishes of the Food Administration with reference to wheatless days and other measures for wheat conservation, but if we are to judge by the statistical records of consumption, there were many who paid but little attention to the

appeals made. In fact there were at least two causes which were working toward a larger use of wheat.

The corn crop was exceedingly late in moving. About 40 per cent. of it was rendered unmerchantable owing to an early frost, and the balance was very slow in curing. During the extreme cold weather and heavy snows of December and January, there occurred almost a complete breakdown in transportation facilities. Corn and its products did not begin to move freely till in February, which was at least sixty days later than normal. During this period corn and corn meal sold at the highest prices ever known, sometimes even higher than wheat, and this notwithstanding the fact that one of the largest crops of corn ever produced was awaiting transportation to market. As corn and its products furnished the principal substitutes for wheat, it is clear that previous to the first of February, there was little chance of substantial saving by the larger use of corn.

Then, too, at this time the country was experiencing material prosperity apparently the greatest ever known. Wages for ordinary laborers had doubled or in some cases even trebled, and there was abundant employment open to every member of the average family at wages hardly dreamed of before.

Naturally people who had hitherto been in hard circumstances found that this prosperity afforded them increased opportunity for enjoying the comforts of life, and the first application of the increased revenue of a family in such circumstances is almost invariably for more abundant food.

Also there were a few who, locked within their own spirit of narrow selfishness, took the warnings and appeals of the Food Administration to portend an actual food famine later in the year, and so set themselves to storing away as much food as possible for their per-

sonal use and for that of their families. Moreover, many farmers had not become accustomed to the guaranteed fixed price for wheat. They had seen the price on the previous crop advance from $1.25 to $3.25 per bushel. With conditions now infinitely more serious than they had been on the previous crop, they were reluctant to believe that the $2.20 price would not be advanced before the end of the season, and they were inclined to hold their wheat, or to have it ground for their own use at the local mills, so that the total primary receipts of wheat for the season of 1917–18 were only one-half what they had been the previous year.

The net result of all these conditions was that by the middle of January it was seen that under the wheat saving plans as developed up to that date, this country would utterly fail in its promises to the allied governments, and the issue of the war itself would thus be placed in the gravest doubt.

Many remedies were suggested. The one which at first might have seemed the most feasible was the flour ration card for all consumers. But it was found impossible to get such a system to working in time to be of substantial benefit in the present crisis, and the expense of issuing such cards would have exceeded the total appropriation for the Food Administration more than threefold. However, at this time of greatest discouragement Mr. Hoover never lost faith in the American people. He had started to effect the necessary conservation by inducing voluntary sacrifices of the public, and he was loath to admit that compulsory rationing was necessary, even if the law could be so construed as to permit it, which was doubtful.

Moreover, in considering the scheme of compulsory rationing, no means were discovered of apportioning

the flour supplies among the people without giving some more than they needed or required, while others on the same apportionment would receive a wholly inadequate supply. The amount of flour required depended largely on the habits and circumstances of the people affected, and on the amount of substitutes customarily used, and there was no way to base the apportionment under a consumers' card system without gross inequalities which would have stirred up a spirit of antagonism to the Food Administration and have entirely broken down its moral influence with the public.

However, as the appeal for voluntary saving failed to afford sufficient conservation it was necessary to devise some more positive system for controlling consumption of wheat flour. The wheat conservation measures, effective February 1st, were radical in their nature, and provided a means by which a certain definite quantity of wheat flour would be available for export. In order to prevent a too early exhaustion of the wheat supply, mills were prohibited from grinding wheat in excess of a certain proportion of the amount which they had milled for the corresponding period the previous year, and they were further asked to reserve a certain proportion of the total flour milled, for purchase by the Grain Corporation for exportation to the Allies, and for the building up of a flour reserve. The percentage of the total flour output thus demanded by the Government ranged from 33⅓ per cent. to 50 per cent. as conditions required.

The millers and wholesale dealers in flour after February 1st, were further required to confine their sales of wheat flour to their regular channels of distribution, and so to adjust their shipments that each customer would not receive more than his fair pro rata share of the supplies available, and in no case should any city,

town or state receive more than 70 per cent. of the quality of flour sold by the licensee during the corresponding period of time of the previous year.

Wholesale dealers were prohibited from purchasing wheat flour in excess of 70 per cent. of the total amount of flour purchased during the corresponding period of the previous year. Both wholesale dealers and millers in sales to retail dealers, public eating places, or consumers, after January 28th, were required to conform to the "Fifty-fifty" rule, which rule provided that they must not sell wheat flour except when accompanied by the sale to the same customer of an equal quantity of substitutes, or unless they should secure satisfactory evidence that the customer had already purchased the required amount of substitutes, and had not balanced such purchases by any purchase of wheat flour. For the purpose of this rule wheat substitutes consisted of the following:

Corn Meal	Soya Bean Flour
Corn Flour	Feterita Flour and Meals
Edible Corn Starch	Rice
Hominy	Rice Flour
Corn Grits	Oat Meal
Barley Flour	Rolled Oats
Potato Flour	Buckwheat Flour
Sweet Potato Flour	

If graham or whole wheat flour was sold the proportion could be three pounds of substitutes to five of such whole wheat or graham flour, or in the case of the sale of mixed flour, the proportion of substitutes in the mixture could be taken into consideration in determining the amount of additional substitutes which were required to be sold to bring the ratio of total substitutes and of wheat flour to the required basis.

In sales to consumers the retailer was required to sell an equal quantity of substitutes to the purchaser at the time wheat flour was sold. The permission given millers and wholesalers to make sales of flour on satisfactory assurances that the purchaser had already on hand the required amount of substitutes, not balanced by any purchases of wheat flour, was not extended to retailers. This exception for millers was believed necessary as many millers and flour jobbers did not carry stocks of substitutes, or have facilities for doing so, and even if it had been in all cases possible to install facilities for handling substitutes it would have been most uneconomical for many millers and flour dealers to have done so, for ample facilities for the distribution of substitutes already existed through the medium of the wholesale grocer. Furthermore many mills and wholesale dealers in flour were located in territory where little or no corn was produced, and it would have been impossible for them to lay in sufficient stocks of substitutes without double transportation, which could not have been allowed under the conditions of railway transportation then existing.

Great care was taken to see that millers and wholesale dealers did not accept any superficial assurances, but they were required to obtain written statements from their customers giving the details of the purchase of substitutes in advance of the purchase of wheat flour, which statements could, if necessary, be verified either from the retailer's own records, or from the records of the dealer from whom they had purchased the substitutes.

Bakers were not at first included in the operation of this rule. In order to afford opportunity for experiments they were at this time required to use only 5 per cent. of substitutes in bread, but on February

24th the rule requiring the sale of substitutes also became applicable in sales to bakers. The ratio of substitutes required for this purpose was on the basis of four pounds of wheat flour to one of substitutes, which latter the baker was not only required to use in bread, but he was not allowed to bake any bread that did not contain the required amount of substitutes. On April 14th this proportion was changed to three pounds of wheat flour to one of substitutes. The list of substitutes for bakers was slightly larger than the consumer's list and by special permission it was made to include potatoes, on the basis of four pounds of potatoes for each pound of required substitutes.

The operation of the "Fifty-fifty" rule brought almost innumerable protests from all parts of the country. In many localities owing to delays in transportation there were practically no substitutes available at the time the rule was promulgated. If the rule had been rigidly enforced at first in such districts, it would have entirely stopped the sale of wheat flour and great suffering would have ensued. Accordingly, for a short time, State Food Administrators were permitted to make exceptions to the rule and to modify the percentages as might be necessary in their respective districts.

Many Food Administrators under pressure from the frantic appeals of certain dealers went perhaps further than they should in granting modifications of percentages, and in allowing the sale of potatoes as a substitute to consumers. It was necessary that most frequent appeals be made to strengthen the morale of the various state organizations to resist the pressure brought to bear on them, and to insist on the literal enforcement of the rule. It was felt that where the rule was strictly enforced the urgent needs of dealers would cause them

to lay in sufficient stocks of substitutes at once so as to relieve any real distress.

The Publicity Section of the Distribution Division sent out an urgent appeal to the entire jobbing trade of the country in order to enlist its immediate and wholehearted support. The inconvenience to the trade and to the public was recognized, but it was felt that when the necessity for the action was clearly understood the trade and the general public would loyally accept the situation.

Salesmen of the various jobbing houses were requested to take this matter up fully with all retailers, and to explain the critical nature of the situation, and to emphasize the necessity of full compliance with the rule. They were asked to secure signatures immediately from their customers to the pledge which is illustrated on page 81.

All jobbers were supplied with blanks upon which to report the number of pledges secured by their salesmen, and as soon as this report was received, each jobber was sent the number of Wheat Saving Posters necessary to enable him to supply all the retail dealers whose pledges he had secured. It was but a short time till reports indicated that practically all the retail dealers in the United States had signed this pledge and were conforming to the rule except as it might have been modified by temporary exceptions granted under authority of the State Food Administrator. The wheat saving poster that was distributed to the dealers and displayed generally throughout the United States at this time gave the list of substitutes, and indicated that the store was required to sell the substitutes named in equal quantities with wheat flour. The retailer could thus point to his poster and lay the entire responsibility of the order on the Food Administration, so that the

To Serve Our Country we have enlisted in the United States Food Administration

U. S. Food Administration Controlled Commodities

Apples, dried
Beans, dried and canned
Beef, fresh, canned and cured
Bread
Butter
Cheese
Cooking Fats
Corn, canned
Corn Grits
Cornmeal
Corn Oil
Corn Syrup
Cottonseed Oil
Eggs
Fish, fresh and frozen
Flour
Fruits, fresh
Hominy
Lard
Milk, fresh, canned and powdered
Molasses
Mutton, fresh, canned and cured
Oatmeal and Rolled Oats
Oleomargarine
Peaches, dried
Peanut Oil
Peas, dried and canned
Pork, fresh, canned and cured
Poultry
Prunes
Raisins
Rice
Salmon, canned
Sardines, canned
Starch, corn
Sugar
Syrup
Tomatoes, canned
Vegetables, fresh

We pledge ourselves to give our customers the benefit of Fair and Moderate Prices, selling at no more than a Reasonable Profit above Cost to Us

Signed .....

Member of the United States Food Administration

complaining customer had no alternative other than to accept the situation.

The legal status of the order requiring the retailer to sell substitutes with wheat flour has always been in some doubt. General Rule 17, to which we have previously referred, was amended so as to cover wrongful dealings in any licensed food commodity. The "wrongful dealing" referred to could probably under strict construction be construed to apply only to dealing in such commodity in a way declared wrongful by the law itself. It was therefore doubtful whether there was clear legal right to cut off a retailer's supplies for failing to conform to this rule. In fact in normal times it is possible that the entire regulation would have fallen as not within the limits of authority granted by the law, but in times of war and national peril, technicalities could not be allowed to interfere with the measures necessary for the safety of the country, and the Food Administration went ahead and enforced the rule, as applied equally on both the licensee and the unlicensed retailer. Retailers guilty of violations were warned, and where the violations were intentional they were usually given the choice of making substantial contributions as fines, which sums were turned over to the Red Cross, or of seeing their business closed entirely. It is of course needless to say that the retailer in practically every case chose to pay the fine. In the few cases where it was necessary to enforce the penalty by cutting off his supplies, all licensed jobbers were found quite ready to comply with the request to cease supplying the given retailer with goods, even though such an order might not have been supported by a strict interpretation of the regulations. It is with great pride in the integrity of America's business men and especially of the 350,000 loyal retailers, that it may

be said that at no time was there a tendency on the part of an appreciable number to question the authority or even the wisdom of acts of the Food Administration. The trade and the public generally understood that the Food Administration was actuated by no other motives than to win the war, and this common and steadfast purpose in the hearts of all enabled the Food Administration to tide over many seemingly insurmountable obstacles.

The wheat conservation rules adopted at this time limited the manufacturers of macaroni and breakfast foods to 70 per cent. of their use of wheat flour for the preceding year. Cracker bakers were required to use 10 per cent. of substitutes in their products and were also limited to 70 per cent. of their normal use of wheat flour.

These rules remained in effect till October first, when substantial modification was made and the list of substitutes was reduced to include only flours and corn meal, which were to be sold and used on the basis of four pounds of flour to one of substitutes.

In spite of the many criticisms of the "Fifty-fifty" rule it may be said for it that it accomplished the necessary saving of wheat, and the United States during the season of 1917–18 was able to export to the Allies more than 125,000,000 bushels of wheat and flour as wheat, which practically all consisted in the savings of the American people. It is not believed that an equal savings could have been effected in any other way.

Up to the time that this rule was adopted, conservation to many individuals had been but a theory. When it was brought home to every consumer that he could no longer buy wheat flour for his normal requirements, but must purchase a liberal quantity of substitutes, he was naturally prompted to inquire into the need of such

radical measures. The retail dealer in order to protect himself from the criticism of his customers, was compelled to assume the rôle of personal spokesman for the Food Administration, and in nine cases out of ten a few words spoken well and to the point will have an effect that cannot be secured by the distribution of almost endless quantities of printed matter. When the consumer was really taught seriously to think of these things, he soon became of a frame of mind where he was quite willing to follow the directions of the Food Administration for the even more radical measures of conservation which were worked out later, on a purely voluntary basis.

As already intimated, the "Fifty-fifty" rule was under the fire of criticism from start to finish. However it accomplished the purpose for which it was designed, and both America and the Allied countries were saved from an absolute wheat famine which would probably have meant most intense suffering to the poorer classes and the collapse of the war. Of the many plans suggested it is doubtful whether any other expedient could have accomplished the desired result.

One of the most common criticisms made was that the rule discriminated against the housewife in requiring her to purchase flour on the basis of pound for pound, while allowing the baker to purchase and use substitutes on the basis if one pound of substitutes to three of flour. This naturally had a tendency to cause the discontinuance of bread baking in the homes, and an increased use of baker's bread. However, it should be borne in mind that there were many substitutes on the consumer's list which were not commonly used in bread, and which the rule did not require should be mixed with wheat flour and used in bread. Some of them could be used as breakfast foods, others as vegetables, and

still others for puddings and desserts, so that the housewife had abundant opportunities to use her substitutes in other ways than in the making of bread. Among such articles were rice, rolled oats, hominy, cornmeal, etc. The theory upon which these articles were added to the list was chiefly based upon the fact that they possessed practically the same dietetic value as wheat, and on the belief that their liberal use in the home would naturally tend to decrease the consumption of bread. The housewife was urged to use substitutes in breads so far as possible, and in some states it was considered unpatriotic to serve any bread that did not contain the proportion of substitutes which the baker was required to use. However it is believed that throughout the entire period of wheat conservation, baker's bread on the average contained as high a percentage of substitutes as that found in the bread baked at home.

It was urged by many that the Pound for Pound rule resulted in a large waste of substitutes, as it was claimed that those who were able to do so bought their customary quantity of wheat flour and wasted the substitutes or fed them to animals. While undoubtedly a few unpatriotic individuals did this, such conduct was very exceptional. In the first place those of the population who were able to afford such extravagances were the first to give the Food Administration their active cooperation in its wheat saving program. This was probably not due to any greater degree of patriotism on their part, but because they could be more easily reached in the educational campaign, and having a much more varied diet and better facilities for the preparation of new dishes they found it much easier to comply. On the other hand, the majority of people could ill afford to waste substitutes at the prevailing

prices, and the thrifty housewife on learning of the urgency of the situation, soon found a means of using up her surplus substitutes, in the preparation of many wholesome and appetizing dishes not used before. At all events, there were probably few if any instances where substitutes were in this way entirely wasted. Even if they should have been fed to chickens or hogs they were not lost for food, as these animals had to be maintained as a necessary part of the country's food supply. This merely meant the diversion of these foods into another channel almost equally useful.

An earnest protest arose from farmers who had raised the coarse grains and already had on hand abundant quantities of substitutes which they had ground for their own use. In some states where this condition was most acute means were found to excuse such farmers from purchasing substitutes, on the presentation of satisfactory proof that they already had on hand a sufficient quantity of substitutes as food for the personal use of the farmer and his family.

The amount of wheat saving effected by the operation of the "Fifty-fifty" rule is problematical. A careful estimate of the normal use of all the substitutes as against the use of wheat flour showed that the American people normally consumed about thirty-seven pounds of substitutes for each 100 pounds of wheat flour. If all the substitutes thus forced into consumption by the operation of this rule had been used to displace wheat flour, and people had continued to eat their normal quantities of wheat and wheat substitutes together, the saving in wheat effected would have amounted to approximately 31½ per cent. Of course it would be unjustifiable to assume that all of the substitutes sold were so used, but the net results showed that during the operation of this rule the wheat

saving actually exceeded 31½ per cent. of the normal use. This was due to the fact that the American public was becoming educated to the idea of wheat conservation, and even to that of actually consuming less food and wasting practically none. The wheatless days, the wheatless meals, and the entire wheatless program adopted in nearly all of the first-class hotels of the country and in many homes had a most important effect in increasing the net total of wheat saving. Perhaps no single factor contributed so much to this change in the public attitude as the increased movement of troops to France, and the rapid increase in the casualty lists which brought home to every American the fact that the success of these various war measures for conservation was absolutely vital to those interests which were most near and dear to the hearts of all.

As the end of the crop year approached the actual need of wheat saving was so great that the voluntary wheatless program and the voluntary ration of six pounds of flour per person per month had to be adopted. Millions of copies of wheat saving recipes were printed and distributed to the public. It was found that the trade was not only willing to distribute these leaflets and pamphlets, but in many cases they were reprinted by dealers, and the entire country was flooded with literature showing the need and methods for wheat saving. In the end the American people fully justified the confidence placed in them by the Food Administration, and while the positive regulations aided and directed the conservation movement, the real element which did the work was the voluntary sacrifices of the American public. Without such a spirit of voluntary sacrifice, all of the food regulations would have failed utterly in tiding us over this time of great national peril.

CHAPTER XI

DEVELOPMENT OF THE RULES AND REGULATIONS

As we have already discussed the main principles upon which the Food Administration based all its rules and regulations, we can now pass over a number of early changes made from time to time with mere reference. The first pamphlet published containing general revision of rules was issued the 25th day of January, 1918, and except as specifically noted the changes became effective on the 28th of the same month.

As the principles of food control began to be applied to the different commodities it was soon seen, however, that the number of special rules was increasing so rapidly that it was no longer possible to publish all the license regulations in a single pamphlet. Accordingly, a series of pamphlets was gotten out on the following scheme: "General License Regulations Number 1" was issued and became effective May 3rd, and covered the general rules and regulations applicable to all licensees, except salt water fishermen. The special rules governing licensees in a given trade were published in a series of pamphlets running from Numbers II to XXVIII. Each pamphlet of special regulations was revised as often as fundamental changes made necessary. The following is the general scheme upon which these various pamphlets were issued:

PAMPHLETS OF SPECIAL RULES
(Issued or to be issued)

I General License Regulations.
II Wheat and Rye Elevators, Dealers and Millers.
III Corn, Oats, Barley — Elevators, Dealers and Millers.
IV Maltsters, Malt Dealers, and Near Beer Manufacturers.
V Rough Rice and Rice Millers.
VI Sugars, Syrups, and Molasses — Manufacturers and Refiners.
VII Canners and Packers — Vegetables, Salmon, Sardines, Tuna, Milk.
VIII Dried Fruits—Packers.
IX Cottonseed, Peanuts, Soya Beans, Copra, Palm Kernels, and Their Products.
X Manufacturers of Lard Substitutes and Oleomargarine.
XI Wholesalers, Jobbers, Importers, and Retailers of Non-Perishable Food Commodities.
XII Brokers and Auctioneers of Non-Perishable Food Commodities.
XIII Bakers.
XIV Manufacturers of Miscellaneous Food Commodities.
A. Products containing wheat or wheat flour, other than bakery products.
B. Manufacturers and mixers of mixed flours.
C. Syrup mixers.
XV Fresh Fruits and Vegetables.
XVI Fresh and Frozen Fish Distributors.

XVII Salt Water Fishermen.
XVIII Poultry.
XIX Eggs.
XX Butter.
XXI Cheese.
XXII Raw Milk.
XXIII Meat Packers and Manufacturers of Lard — Distributors of Fresh Meats.
XXIV Cold Storage Warehousemen.
XXV Feedingstuffs.
XXVI Directions Limiting the Use of Tin for Containers of Various Food Products, and Prescribing Uniform Packakes therefor.
XXVII General Orders Applying to all Public Eating Places.
XXVIII General Storage Warehousemen.

But in the changing conditions of food control, it was often found that regulations which were in order at a given time would soon become entirely inadequate or unnecessary. The Food Administration never failed to acknowledge a mistake or change a regulation if it was found not to work out as anticipated. Frequently rules were changed even before the special license regulations covering the subject had come from the press. The result was that the problem of keeping all interested parties properly informed on the latest rulings and regulations presented no little difficulty. The Food Administration was slow to adopt the legal quibble that every one is supposed to know the law, and not only used every available avenue for the proper publicity of its rules and regulations, but when the evidence showed that the dealer accused of violating the law had not been properly notified, or, having been notified, innocently misinterpreted the rules, he was

usually given another chance to demonstrate his willingness to comply and penalties were ordinarily inflicted only in cases of intentional violations.

All food officials, national, state and local, were supplied with loose leaf sets of the regulations, and as often as any change was made, the revised page was inserted, so that these various officials always had on hand a complete set of the regulations revised down to date. These state and local representatives of the Food Administration were entrusted with the duty of notifying the trades affected of any important changes. In addition there were many other avenues of publicity employed.

Besides being released to the press, to the trade papers, and to the various state and local food officials, important changes in the regulations were sent directly to all licensees in the pamphlet form above referred to or in the form of announcements. In addition the National and Southern Wholesale Grocers' Associations, as well as the secretaries of all important state and local associations, were kept in constant touch with all the changes that could in any way be of interest to their members, and their prompt and hearty coöperation, and the personal influence of the salesmen of jobbing houses were found to be of most material aid in disseminating information.

Important regulations affecting unlicensed retailers were printed and either mailed direct or distributed through the various State Food Administrators, or if necessary, copies were sent out through the mail of wholesale grocers so that with these multiple avenues of information few could plead ignorance of the rules.

Having already discussed at some length the more important provisions of the regulations and early amendments, we shall now pass briefly over a number

of minor changes and announcements occurring previous to April 6th, 1918, when the "Maximum Margins" for wholesalers were announced. We shall refer only to such changes as directly affected the wholesale and retail food trade or fixed the basic price of important staples which they handle.

Early in November, 1917, all distributors of sugar were notified that they should not sell any sugar to confectioners or manufacturers of gum, cordials, syrups or ice cream in quantities more than sufficient to give such manufacturers, including the stocks on hand, 50 per cent. of the amount of sugar they had used during the corresponding period of the previous year. After January first, 1918, the rule was changed to permit such manufacturers to use 80 per cent. of their normal requirements up to May 15th, 1918, at which time the sugar certificate plan affecting manufacturers went into effect.

December first the packing of wheat flour in less than 1/8 barrel containers was prohibited. This rule however did not prevent the retailer from selling quantity to suit in bulk to consumers, and the rule was rescinded entirely a few months later.

On December 4th, 1917, the Food Administration on account of the radical advance in the price demanded for Alaska canned salmon fixed maximum prices which might be charged by packers of salmon f. o. b. coast shipping point as follows:

Red Salmon.....	$2.35 per doz.	Number one tins.
Medium Reds.....	$2.25 per doz.	Number one tins.
Pink Salmon.....	$1.65 per doz.	Number one tins.
Chums	$1.60 per doz.	Number one tins.

On the 10th of December an announcement was made by the Food Administration to the effect that sugar

should not be sold to consumers in towns and cities in excess of from two to five pounds at one time, or to consumers residing in rural communities in quantities in excess of from five to ten pounds, and that sugar should not be sold to retailers in quantities in excess of 300–1000 pounds at one time. Flour should not be sold to customers in towns and cities in quantities in excess of ⅛ to ¼ barrel, and to those residing in the country in quantities in excess of from ¼ to ½ barrel. The various State Food Administrators were given authority to modify these rules where their application to those residing at a great distance from market would work a special hardship. At the same time the advertising of flour or sugar in any way which would have a tendency to increase consumption was prohibited.

December 12th an advance of ten cents was authorized in the basic price of beet sugar, thus bringing it up to $7.35 per 100 pounds. This was made to bring the price of beet sugar in line with that of cane sugar which had to be advanced to this figure owing to the increase in the freight rates from Cuba.

A notice issued on December 15th gave special permission to all canners of dried beans to pack 25 per cent. of their normal output up to the 1st of March, 1918.

Milling rules which became effective December 25th, provided a minimum milling extraction of not less than 196 pounds of flour from 264 pounds of wheat weighing 58 pounds per bushel, and prohibited the removal of more than 5 per cent. of the flour so manufactured. Differentials were established for a maximum extraction on lower grades of wheat. The miller was required to fix his basic price for flour each day, and was not permitted to vary that price more than 25 cents per barrel between customers, freight and quantities sold taken

into consideration. All invoices were required to show the bulk mill price.

Flour package differentials were established at this time on the basis of flour in 98 pound cotton or jute bags. Flour in all other containers was to be sold at given differentials over or under this basic price, depending on the average cost of the containers used. These package differentials had to be changed from time to time to meet market changes in the cost of containers, but the fact that such a scale of differentials existed prevented any excessive profits on any particular size of package.

It was also necessary at this time to revise the margins permitted for the manufacture of mill feeds of which there was a most acute shortage at this time. The maximum price which might be charged by the mills for such feeds was fixed on the following basis:

Bran should be sold at a price per ton of not more than 38 per cent. of the cost of one ton of wheat at the mill door.

Shorts or standard middlings not more than $2.00 over bran.

Mixed feed middlings not more than $4.00 over bran.

Flour middlings not more than $9.00 over bran.

Red Dog middlings not more than $15.00 over bran.

The License Proclamation of January 10th, brought under the licensing system, among others, manufacturers and distributors of practically all feeds, brewers, importers and distributors of copra, palm kernels, palm oil, and peanuts, manufacturers of tomato catsup and all other tomato products, manufacturers of alimentary paste, and of all other products using wheat or wheat products for their raw material.

Among other amendments promulgated at this time was the requirement for uniform sizes for packages of corn meal, corn grits and hominy, effective April first. General Rule 25 effective February 1st, provided that cold storage goods offered for sale should be labeled "Cold Storage," and the removal of such labels was prohibited.

Bakers with a baking capacity of 10 barrels of flour monthly had been placed under license by proclamation of November 7th. This was changed by a supplemental proclamation December 10th to include all bakers with a capacity of three barrels per month.

The rules affecting bakers, effective February 1st, provided that they must immediately begin to use not less than 5 per cent. of substitutes in their bread and rolls, and not less than 20 per cent. beginning February 24th, except that graham and whole wheat flour could be used without substitutes. In their use of wheat flour for all other products they were limited to 70 per cent. of the amount that they had used the preceding year. Bakery products containing the percentage of substitutes mentioned below could be advertised and sold under the term "Victory Bread," "Victory rolls," etc.

Class 1, bread and rolls, 20 per cent.
Class 2, sweet yeast dough goods, 33⅓ per cent.
Class 3, (a) crackers, 33⅓ per cent.
(b) biscuits, (cookies) and ice cream cones, 33⅓ per cent.
Class 4, (a) cakes, 33⅓ per cent.
(b) pies, 33⅓ per cent.
(c) fried cakes, 33⅓ per cent.
(d) pastry, 33⅓ per cent.
Class 5, batter cakes and waffles, 75 per cent.

The use of shortening in bread and rolls was limited to vegetable shortening or compounds containing not more than 15 per cent. of animal fats, and the amount of shortening used was limited to two pounds for each 196 pounds of flour. The amount of sugar used was limited to six pounds for each 196 pounds of flour. Neither sugar nor shortening could be added during the process of baking. Milk might be used as an ingredient, but the baker was not permitted to charge more for his bread on account of the use of milk. Bread was limited to standard size loaves of one pound, one and one-half pounds, or even pound weights above. This rule however was amended February 21st, so as to allow the baking of bread in loaves of three-fourths pound each. On April 14th the bakers' rules were still further amended so as to require the use of 25 per cent. substitutes in bread and rolls, 15 per cent. in crackers and 33⅓ per cent. to 66⅔ per cent. in other bakery products. There were also definite limits placed on the amount of shortening which might be used.

By proclamation of the President of January 30th, importers and distributors of green coffee were placed under license. Stocks of coffee were limited to requirements for 90 days based on pre-war purchases. A maximum price of 8½ cents per pound was fixed for coffee on the New York Coffee Exchange for February delivery basis number seven type, with other grades at the recognized differentials. Trading in more distant options was limited to a maximum price of $.0015 per month above the price so set.

Since the beginning it had been understood that the Food Administration would look with disfavor on any sales of flour by jobbers at a margin of profit exceeding $.50 to $.75 per barrel. Owing to the fact how-

ever that a few merchants had taken advantage of the fact that no formal announcement had been made respecting this matter, and were exacting profits considerably in excess of the amount mentioned, it became necessary to issue a formal statement early in February that the Food Administration would consider any sales of flour at wholesale in excess of the margins named as *prima facie* unreasonable. The same circular fixed the maximum margin for retailers at from $.80 to $1.20 per barrel, except that where the retailer broke bulk and sold flour by the pound he might ask a profit of not to exceed one cent per pound.

A proclamation of the President of February 21st, changed the basic price of wheat from $2.20 Chicago to $2.26 Chicago, which change was made necessary by the advance authorized in freight rates. This entailed of course a slight adjustment of flour prices and those of wheat mill feeds all along the line.

By the milling rules effective March first, all manufacturers of food products excepting bread and rolls were limited to 70 per cent. of the amount of wheat they had used the preceding year. The manufacture of gluten flour was stopped entirely on the ground that it constituted a wasteful practice. At this time also an order was issued to the mills prohibiting the further extraction of 5 per cent. of the 100 per cent. flour manufactured under the minimum extraction requirements. This meant the passing for the time being of all patent flours.

We now desire to give a slightly more extended statement to "Maximum Margins" promulgated to the trade April 6th, 1918.

CHAPTER XII

MAXIMUM MARGINS — WHOLESALE AND RETAIL

One of the fundamental principles of the Food Control Act, and of the Rules and Regulations was that distributors should not exact more than a reasonable profit for their services. The word "reasonable" when used in legislation is one which up till this time few if any governmental administrative bodies had attempted to interpret before the commission of the offense. This has made the interpretation of all such legislation on the part of the individual largely a matter of conscience or fear, and in the pursuit of ordinary business transactions the individual is always handicapped and restricted in his course of conduct through the uncertainty attached to the interpretation of this word.

The Food Administration undertook to assist the trades by defining what in its view the word "reasonable" meant when applied to the permissible profits of the dealer. As applied to the licensed "non-perishables" it had held that reasonable profits in war time should not exceed the profits which had been made on an average by the same merchant in pre-war times, on an even market under freely competitive conditions. The average of the three years preceding the European war was taken as a basis.

This was as near as it was felt at first that it was possible to define the word. But such definition left the trade almost as much at sea as it had been in the

first place, and there was positively no definite standard for enforcing the regulations without an exhaustive study of the books of every merchant. Another objection to this interpretation was that some merchants had not been in business during the three years preceding the war, and they were subject to such indefinite standards as might have been set by others in the same line of business similarly situated.

The Food Administration had determined that there should be no speculative profits during war time, and it was ruled that the profits that might be exacted now should not exceed those which the merchant had enjoyed previous to the war "*on an even market.*" In other words, if the merchant had made a profit on his stock due to a rising market during the pre-war period, he could not take such a profit into consideration in figuring the profits which might now be allowed. As a matter of fact it was utterly impossible to establish in any particular case what had been the pre-war non-speculative profit, for all profits previous to the war had been subject to the constantly changing market conditions, and in the case of a few of these commodities, such as flour and sugar, the dealer had depended almost entirely on these market changes to afford him an opportunity to make a satisfactory profit, so that at any one time the difference on these items between the manufacturers' selling price and the jobbers' selling price rarely if ever represented the actual cost of performing the distributive service. As the Government was especially anxious to keep down the prices of flour and sugar for its effect on the public morale, and as the basic prices of both these articles had been fixed, the trade was willing to accept the definite limitations of profit which were announced early in the history of the Food Administration. The maximum

margins named were in almost every case below the actual cost of doing business, but as they represented more than the pre-war non-speculative profits, the trade was quite willing as a rule to agree to them. A few complained that if they were to be deprived of their speculative profits upon which they had hitherto depended, they should now be permitted to make a profit on these important staples at least equal to the cost of doing business, but the desire of the trade generally to coöperate was so keen that these few were quickly over-ruled.

To provide a profit sufficient to cover the enormous increase in the cost of doing business since pre-war times, the dealer was permitted to base his present profits on his pre-war *percentage* of profit. That meant that if he made 10 per cent. on a given article before the war, he might make 10 per cent. on the same article now. As the prices of all commodities had advanced, the absolute profit in cents to the dealer would thus be considerably greater than in pre-war times. This extra profit was assumed to be sufficient to cover the increased investment and cost of doing business.

The trade and the Food Administration soon became dissatisfied with this interpretation of the rule. For the trade there was no means by which the dealer might absolutely assure himself that he was within the law. For the Food Administration there was no definite standard for enforcing the law. The honest and conscientious merchant, in order to be doubly safe, reduced his profits to the point where it hurt, but his more unscrupulous competitor took a chance on the doubt, and exacted all that he dared. When such a dealer was called to account it was soon found that the pre-war profits standard was almost as unsusceptible of accurate analysis as the word " reasonable " itself.

The fundamental weakness of this interpretation was that there was no such thing as "average pre-war non-speculative profits," for all average pre-war profits took into consideration and included profits on market changes which were taking place all the time, and it was impossible to dissociate the average speculative from the average non-speculative profits.

It should not be inferred that the rule was found impossible to enforce. Clear cases of profiteering were easily detected by means of the monthly reports or through inspectors, and the guilty ones were punished, but there were no means by which an action could be supported against a merchant who was not exacting profits which were clearly exorbitant.

Gradually the sentiment drifted toward the establishment of definite maximum margins on the more important staples. The greatest fear that the Food Administration entertained in this respect was that there would be a tendency of all merchants who were already obtaining less than the margins to be announced, to increase their profits at once to the basis of these margins, which in the end would have meant a higher cost to the consumer. As the cost of doing business varied greatly in different localities and among different classes of merchants of the same locality, a definite margin which might be reasonable for one merchant might afford an excessive profit for another, or be wholly inadequate to cover the costs of a third. Accordingly, it was decided that notwithstanding the margins to be announced, the dealer should still be subject to the pre-war rule, and that a higher and lower maximum margin should be established on each item. The higher margin was to be the maximum for the jobber with the higher costs, and the lower margin to be the maximum for the jobber with the lower costs.

Neither margin was to be regarded as a minimum in any instance, as it was desired that competitive conditions should be allowed to bring down the margin as low as possible, regardless of the maximums established.

In determining the amount of margins to be allowed, expert men in the Division who were acquainted with every angle of the wholesale and retail business spent a great deal of most careful investigation and study. The first announcement was made April 6th and applied only to wholesalers' margins, as the proper margins for retailers had not been worked out at that time. We quote below the margins announced on June 6th rather than those of April 6th as the latter contain a few changes. The advance in the sugar margins on

"MAXIMUM MARGINS ON SALES BY WHOLESALERS TO RETAILERS

Commodities	*Maximum Margins*
Sugar	15c-35c per 100 lbs.
Wheat flour	50c-75c per bbl.
Lard, lard substitutes, bulk (pkgs. of 50 lbs. or over)	1¼-2c per lb.
Standard hams, bacon	1c-2c per lb.
All flour (except wheat)	8-10%
Lard and lard substitutes, in pkgs. (less than 50 lbs.)	
Condensed, evaporated milk	
Rice, hominy, grits, oatmeal, rolled oats, cornmeal, beans, in bulk (pkgs. of 25 lbs. or over)	10-12½%
Rice, cornmeal, hominy, grits, oatmeal, self-rising and prepared flour, and rolled oats, all in pkgs.	12-15%
Corn oil, corn syrup sugarhouse syrup, mixed sugar and corn syrup, and cotton-seed oil	
Standard and extra standard licensed canned peas, tomatoes, corn and canned dried beans, and pink, chum and red salmon and all domestic sardines	
All dried prunes, apples, peaches, raisins..	

June 6th to a maximum of $.15 to $.35 per 100 pounds still left this commodity to be handled by jobbers at considerably less than the average cost of doing business.

"Any gross margins *above delivered cost* upon sales *in unbroken cases to retailers* in excess of the foregoing margins will be regarded as *prima facie* evidence of a violation of the statute and the rules.

"In case the licensee breaks original packages he may add to his cost the actual cost of such repacking, in no case to exceed 5 per cent.

"It should be noted that the above differentials are maximum margins which must not be exceeded by the wholesaler and apply to the commodities specified.

"Licensed commodities *not* covered by the above margins shall not be sold at a margin above delivered cost to the wholesaler (average purchase price plus freight to public railway terminal in jobber's city or town) of the particular goods sold which will yield any greater profit than the dealer customarily enjoyed on the same commodity IN THE PRE-WAR PERIOD ON AN EVEN MARKET UNDER FREELY COMPETITIVE CONDITIONS."

Under the announcement of April 6th, the rule limiting profits to a pre-war basis was still held to apply to all licensed articles, whether the margins had been fixed or not, while in the announcement of June 6th, it will be noted that the pre-war rule was only applied to licensed commodities upon which no specific margins had been established.

It was a great relief to the trade to have a definite standard of margins, so that all could feel sure that their competitors were being held to the same rules as applied to themselves. However the rule that profits

exacted should be reasonable was not changed, and any jobber could be called to account for exacting any margin which afforded an unreasonable return *for the service performed* even though the profit on the transaction was less than the maximum prescribed.

An examination of the monthly reports of jobbers indicated that instead of causing an average increase in jobbers' margins, the effect of the announcement was a material reduction in average profits, and the standard set was sufficiently definite so that compliance with the law was rendered practically uniform. Under the operation of this new rule it was soon found possible to do away with the jobbers' monthly reports, which system had proved a matter of considerable trouble and expense to licensees, as well as entailing a vast amount of work for the Food Administration in the examination of such reports. Compliance with the rules was assured by a system of close supervision through inspection, and by the submission of special reports whenever circumstances demanded.

On May 24th the cost basis rule was changed so that in figuring the maximum margins to be allowed, the licensee should use as a basis the average cost of all lots of goods of the same size and grade, rather than the cost of the particular goods sold. A definite method of averaging and of records for same was prescribed so that no profiteering could take place under the cloak of averaging. The operation of the averaging rule had a tendency to stabilize prices, and proved no doubt a distinct benefit to the consumer as well as a convenience to the trade.

The announcements of April 6th and of June 6th also contained a clear statement of the kind of resales which would be considered justifiable between merchants in the same class of trade. In no case did these rules

allow a resale unless a distinct economic service was performed, and even in such cases the profit of both buyer and seller was limited so that the two profits would not represent more than a reasonable return for the actual service performed. On accommodation sales or "pick-ups," the margins of both buyer and seller combined could not exceed the maximum which would have been allowed either one on a single transaction.

The margins announced on June 6th remained in force for the balance of the year, with one or two slight alterations as follows:

On November 4th the wholesalers' margin on flour, after a most careful investigation of the entire subject, was increased to a maximum of $.60 to $.90 per barrel. Buckwheat flour which was not licensed at the time the maximum margins were first promulgated, by special announcement to the trade was placed in the class of prepared and package flour November 8th, and a wholesaler's maximum margin of 2½ cents per pound on oleomargarine and butter substitutes was announced on December 5th.

It should be noted that the margins established were not final definite standards, but merely *prima facie* evidence of what the Food Administration would consider reasonable. As applied to any given case the individual merchant was compelled to show by the burden of proof that any profit which he obtained in excess of the announced margins was reasonable. Few merchants cared to undertake to do this so that in the practical operation of the plan, the announced margins had the same effect as if they had been established as definite standards, not to be exceeded in any instance.

It was even with greater hesitancy that the Food

Administration moved to establish retailers' margins, as the difference in the cost of doing business under varying conditions, and in different parts of the country, varied even more radically than in the jobbing trade. The control of retail prices was therefore largely left to local food administrators and to price interpreting boards which we will discuss in the next chapter.

However it was seen that there must be some basis for the positive enforcement of the regulations in case of violation. Pre-war non-speculative profits were even more difficult for use as a standard by retailers than for wholesalers, as few of the former had books by which any statement of alleged pre-war profits could be verified. It was clear that the margins to be announced would have to be materially higher than those actually charged by retailers in some localities or the gravest injustice would be done those dealers with higher costs.

An immense amount of time and careful thought was devoted to this important question. Retail margins were early established on sugar and flour, and from time to time other articles were added to the list upon which definite maximum margins were fixed. Among these articles were butter, eggs, butter substitutes, and cheese. Finally on November 7th a definite list of maximum margins was announced for retailers which we quote below.

Maximum Margins on Sales by Retailers to Consumers

(Issued November 7, 1918)

The Food Administration has determined that any sales of food commodities at a gross margin above de-

livered cost in excess of those indicated below are unreasonable, and will be regarded as *prima facie* evidence of a violation of the statute and of the above regulation. Percentage may be calculated on the selling price. Delivered cost shall mean the cost at the railroad, steamboat or other terminal in the retailer's town. Where the retailer is not located in a railroad or steamboat town he may include any hauling charge in the delivered cost.

The lesser margin indicated is not a minimum margin, but is a maximum margin for those whose cost of doing business is less, such as stores which do not perform the services of credit and delivery. Any change from the pre-war practice in cash discount terms or other changes which tend to or result in increasing the margin of profit allowed will be dealt with as an unfair practice.

The retailer may have the benefit of fractional costs on each transaction; that is, he may calculate the total charge to a customer on any transaction as if fractional costs were not allowed, and if the result is a fraction, he may add thereto such fraction of a cent as may be necessary to make a price in even cents. The following table gives an example in the case of eggs, using the cash and carry margin of seven cents per dozen:

Amt. of Sale	*Cost*	*Margin*	*Total*	*Fraction Added*	*Maximum Selling Price*
1 doz.	.46¼	7¢	.53¼	¾	.54
2 doz.	.92½	14¢	1.06½	½	1.07
3 doz.	1.38¾	21¢	1.59¾	¼	1.60

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Victory Flour, Original Mill Pkgs., ½ bbl. quantities and more	$1.00	to	$1.20	per bbl.
Victory Flour, Original Mill Pkgs., ¼ bbl. quantities and less	1.35	to	1.60	" "
Victory Flour, Broken Mill Pkgs.			.01½	" lb.
Wheat Flour, Original Mill Pkgs., ½ bbl. quantities and more	1.00	to	1.20	" bbl.

Wheat Flour, Original Mill Pkgs., ¼ bbl. quantities and less	$1.35 to $1.60 per bbl.
Wheat Flour, Broken Mill Pkgs.	.01½ " lb.
Barley Flour, Original Mill Pkgs.	18 to 22%
Barley Flour, Broken Mill Pkgs.	.01½ " lb.
Rye Flour, Original Mill Pkgs.	18 to 22%
Rye Flour, Broken Mill Pkgs.	.01½ " lb.
Corn Flour, Original Mill Pkgs.	18 to 22%
Corn Flour, Broken Mill Pkgs.	.01½ " lb.
Rice Flour	18 to 22%
Corn Meal, Bulk	.01½ " lb.
Corn Meal, Original Mill Pkgs.	18 to 22%
Hominy	18 to 22%
Sugar, all kinds in Bulk	.01½ " lb.
Sugar, all kinds in Refiners' Original Pkgs.	.01 " lb.
Evaporated Milk, Unsweetened	18 to 22%
Oat Meal and Rolled Oats, Bulk	.01½ " lb.
Oat Meal and Rolled Oats, Original Mill Pkgs.	20 to 25%
Rice	20 to 25%
Beans, White or Colored	20 to 25%
Starch, Edible	20 to 25%
Corn Syrup, Tins	20 to 25%
Canned Corn, Peas, and Tomatos—*Standard Grades*.	25 to 30%
Canned Salmon Chunks, Pink and Red	25 to 30%
Canned Sardines, Domestic	25 to 30%
Dried Fruit, Raisins, Prunes, and Peaches	25 to 30%
Lard, Pure Leaf, Bulk	5 to 6¢ per lb.
Lard, Pure Leaf, Tins	18 to 22%
Lard Substitutes, Bulk	5 to 6¢ per lb.
Lard Substitutes, Tins	18 to 22%
Breakfast Bacon, Whole Pieces	6 to 7¢ per lb.
Heavy Bacon, Whole Pieces	5 to 6¢ " "
Hams, Smoked Whole	6 to 7¢ " "

In quoting sliced ham and bacon add usual differential to cover actual shrinkage.

"Original Mill Packages" as used above means where retailer sells product in the same mill container as received by him.

"Broken Mill Packages" means when retailer removes contents from original mill packages and sells in smaller quantities.

By other special regulations the retailers' maximum margins have also been fixed in accordance with the following list:

Potatoes, White or Irish	25 to 30%
Onions	25 to 30%
Eggs (whether sold in carton or not)	7 to 8¢ per doz.
Butter	6 to 7¢ " lb.
Butter Substitutes, Oleomargarine, Nutmargarine, etc.	5 to 6¢ " "
Cheese, American, Cheddars, Twins, Flats, Daisies, Long Horns, and Y. A.'s	7 to 8¢ " "

Retailers were particularly warned that these margins were maximums only, and should in no case be construed to be minimums. Furthermore it was pointed out that where retailers customarily sold any of the commodities mentioned for less than the specified

margin they would not now be permitted to increase their profits beyond those normally enjoyed.

The results indicated that the establishment of maximum margins for retailers effected not only a stabilization of retail prices, but had a noticeable tendency to reduce average retailers' profits, as undoubtedly a few dealers had been taking advantage of the absence of definite standards for the control of profits by exacting margins in excess of those named, and experience further indicated that the establishment of these standards did not eliminate competition in reducing profits in many instances to a point considerably below the margins established.

CHAPTER XIII

PRICE PUBLICATION

One of the most important means by which it was hoped to control the profits of the unlicensed retailer was through the general publication of fair prices in the local newspapers throughout the United States.

Early in October, 1917, the Illinois Food Administrator, Harry A. Wheeler, with the aid of Mr. Gardner, his assistant, brought forth the plan of publication of prices on staple food commodities. After a meeting of wholesalers and retailers representing the different kinds of food distributors in Illinois, the following plan was evolved:

From information to be given by the wholesale dealers they would arrive at the fair average cost to the retailer of a few of the principal staples, and then with the voluntary coöperation and aid of a committee of the retail trade, agreement would be made on a fair retail selling price, based on the cost so ascertained. Publicity was then given to the price which the retailer pays and to the price at which he should sell. The consumer was thus fortified with the knowledge of what should be the fair price of the article to be purchased.

On November 24th, 1917, after several conferences in Washington, a similar plan was recommended to all Federal Food Administrators, whereby both the retailer's cost and the price to the consumer should be published. This operation was not to be construed as the fixing of prices, as the law did not warrant that.

In reality it was to be simply an understanding with the retail distributors whereby they voluntarily agreed upon a fair and reasonable margin for the sale of certain licensed foods. Price lists as published usually consisted of two prices, one intended as a maximum for the retailer with the higher cost and the other to operate as a maximum for the retailer performing less service, or with lower costs.

On May 17th, 1918, the above idea was changed somewhat. It was decided that the publication should be sufficiently wide to allow all the consuming public to be reached and the plan for the organization of local committees or interpreting boards was as follows:

In every county or other community for which prices were to be published, there should be appointed a Price Interpreting Board consisting of representatives of the wholesale grocers, retailers and consumers. The County Administrator or his representative should act as Chairman of this Board. It was suggested that there be on this Board retailers who would represent each class of that business, such as "Cash and Carry" stores — small stores — "Credit and Delivery" stores, etc., and that it would be preferable to have each class of merchants choose its own representatives, thereby tending to make each retailer feel a proper responsibility in conforming to the selling prices to which his representative was a party in the making.

These Price Interpreting Boards were assisted in their work with a list of suggested margins. Previously these margins of profit were left to the interpretation of the committee of its view of a normal pre-war profit, with no guidance from the Food Administration except the presence and advice of its representative, and the specific margins which had been announced on flour and sugar. Under the new plan, the Price Interpreting

Board had a list of maximum margins which the United States Food Administration suggested as fair, these margins being added to the cost as found by the Board, and the resulting prices published. These published prices were to be construed as the fair price for which any particular food commodity should be sold and this price could not be exceeded by the retailer without an explanation of the reason therefor. There were to be two prices published; the lower price was to be the maximum for "Cash and Carry" stores, and the higher price to be the maximum for "Credit and Delivery" stores.

Finally on November 7th, 1918, after consultation with different retail organizations throughout the country, and with numerous Federal Food Administrators, among whom we should especially mention Howard Heinz of Pennsylvania, the Food Administration published the list of retail margins to which we have already referred, as positive Rules and Regulations and which were to be the future guide for price interpretation.

On account of the multiplicity of duties of Federal Food Administrators, and the labor involved in the work of price interpretation, special men were appointed in practically every state to have charge of this work. They appointed local committees to the number of over 1200, such committees meeting at least once a week to interpret prices applicable to their particular locality, using the revised list of margins as the maximum allowed. These prices were then published in local newspapers under the heading "Fair Prices for —— County." Each committee was asked to send in the prices current in its locality to the United States Food Administration, Statistical Division, where the compilations were made.

The work of these committees was checked, and accurate knowledge of the prices actually paid by consumers in the United States was obtained by means of reports which were sent in by volunteer price reporters who were obtained through the aid of loyal women's organizations early in the history of the Food Administration, and their reports were sent in to the Statistical Division, giving a list of the prices actually paid for staple commodities, and the names and addresses of the stores from which goods were purchased. The compilations made from these figures served as a fairly accurate barometer of the fluctuations of food prices, and, when compared with the compilations made from figures sent in by Fair Price Committees, it was found that the consumer was paying practically what the Fair Price List said he should pay. In other words, the retail grocer through his patriotism was following the prices set forth by his local committee, and the consumer was receiving the benefits therefrom.

In order to impress more forcibly upon the retailer the necessity of following the prices as interpreted by local committees, a pledge poster was sent out by the Retail Section of the Food Administration which when displayed by the retailer pledged him to abide by the latest list of fair prices issued by his local committee. This pledge upon being signed by the retailer and hung in his store, gave the consumer confidence that the dealer had agreed to abide by the prices set forth in the Fair Price List. The effect upon the buyer was to instill confidence that he was not being overcharged, and that nobody was obtaining an exorbitant profit at his expense.

The results obtained seemed to indicate, beyond all questions of doubt, that price interpretation served its purpose as a means for the protection of the consumer.

Compilations of statistics and reports indicated that the prices which Price Interpreting Committees said were the maximum to be charged, when checked with the figures compiled from the two thousand odd price reports giving the prices actually paid, had been stabilized to such a degree that the difference in freight constituted practically the only difference between average prices paid by consumers in different parts of the United States. From these compilations accurate knowledge could be obtained of the average price of any commodity in any section of the country.

The success of the plan was also indicated by taking prices paid for the list of commodities, as shown by consumers' reports from those states where price interpretation had *not* been carried out to any great extent, and comparing them with average prices in a neighboring state where the plan was in force, and it was found practically without exception that the prices in the States where the plan was in operation were lower.

The number of complaints from consumers was reduced by over 75 per cent. as a result of this work, and the idea that the consumer was protected and that the retailer was limited to a fair margin of profit by the United States Food Administration produced a psychological effect upon the mind of the public, the value of which, during the period of upheaval, cannot be measured.

CHAPTER XIV

THE SUGAR CERTIFICATE PLAN

It will be remembered that beginning with January 1st, 1918, all manufacturers of candy, soft drinks, chewing gum, etc., had been placed on an allowance of not to exceed 80 per cent. of the amount of sugar they had used the year previous. This plan, however, failed to yield satisfactory results, for there was no way by which the jobber or refiner selling supplies to such manufacturer could determine when this 80 per cent. allotment had been exceeded. The matter had been left almost entirely to the conscience of the manufacturer, and it is needless to say many were using quite their normal quantity of sugar.

However as the sugar situation gradually grew more serious, it was decided that more positive measures would have to be taken to curtail the use of sugar for the less essential manufacturing purposes. Accordingly it was announced on May 2nd that on and after May 15th, sugar should not be sold for manufacturing purposes, either by refiners, wholesalers or retailers, except upon the presentation and cancellation of certificates for the quantity of sugar sold, which certificates were to be issued by the Federal Food Administrator of the State into which the sugar was to be shipped. Exception was made for bakers, and for druggists using sugar in the preparation of medicines. Statements were demanded from each manufacturer, and the amount of certificates issued to him was based

upon the amount of sugar used during the corresponding period the previous year. So-called essential manufacturers were given their normal requirements while the non-essential manufacturers were allowed only 80 per cent. of the amount they had used the previous year. In issuing certificates for this period the entire amount of sugar used since the first of January was taken into consideration, and if the manufacturer had already used up his 80 per cent. allotment, he was entitled to receive no more sugar until July first.

As the scheme of sugar rationing put into effect on the latter date was so much more comprehensive than the one of May 15th, we shall consider the entire plan in the light of the regulations as effective July first.

By this time the sugar shortage had become most acute. The sugar crops in the countries from which we secure our principal supplies had proved smaller than anticipated. The German drive in France had resulted in the total destruction of some of the most important beet sugar producing factories in that country. Large quantities of sugar had been lost through submarine sinkings, and more than all else the acute shortage of ocean tonnage and the imperative need of the diversion of a large number of ships to carrying our troops to France, had rendered it impossible to bring into this country the supplies of raw sugar which we had hoped. We were approaching the season of the heavy consumption of sugar for canning purposes, and the Food Administration feared that there would be immense losses of perishable foods unless sufficient sugar could be obtained for canning purposes.

It became necessary, therefore, not only to limit the amount of sugar to be used for the less-essential manufacturing purposes, but also to exercise some control over the homes and public eating places, and either to

induce or force the necessary amount of conservation. The Food Administration was not willing to take any chances on the amount of sugar to be conserved, and after a survey of the total existing and probable supplies, it was decided just how much sugar could be spared each month. By means of the prohibition of the sale of any sugar by refiners to wholesalers, without the presentation of sugar certificates issued upon the authority of the Food Administration, a method was found of arbitrarily checking the consumption of sugar to the amount which it was felt would be within the safety limits.

The Federal Food Administrators of the various states were instructed to issue certificates to all classes of manufacturers using sugar in their products, to public eating places, to retail dealers and to bakers, and in fact to everybody that was entitled to buy sugar for any purpose, other than for immediate household consumption. No one other than the consumer was permitted to buy sugar after July first without the presentation and surrender of certificates therefor. It was not believed necessary to issue certificates to consumers. As all the sugar used by the consumers had to pass through the hands of the retailer, the total amount of sugar to be used in the household could be controlled by the amount of certificates to be issued to the retail stores. Furthermore there was neither the time nor sufficient funds to make possible the installation of a system of consumers' cards, and the Food Administration in this, as well as in all other matters of food control, wanted to make voluntary self-denial the principal basis for conservation.

In order to provide wholesale dealers with a sufficient stock to enable them to operate, they were issued interim certificates for sugar, sufficient to bring their

total stock of sugar up to thirty days' normal requirements. These interim certificates with the stock on hand constituted the wholesaler's working capital. The wholesale dealer was not permitted to purchase sugar without certificates. In addition to his interim certificates he was allowed to use the certificates obtained from his customers as a basis for the purchase of additional sugar from the refiners. These certificates when collected by the refiner were canceled and turned over to the State Food Administrator who had issued them. If any wholesaler violated the regulations and sold sugar without certificates, such a sale represented a permanent reduction in his stock, as he was unable to replace such sugar in his purchases from refiners.

The total amount of sugar certificates which the Federal Food Administrators were authorized to issue to retailers in each state was based on the voluntary ration of three pounds per person per month. In addition to this amount retailers were permitted to sell sugar to bakers and manufacturers, and the certificates surrendered by such persons could be used by the retailer in replenishing his stock from wholesalers. The retailer was also permitted to sell sugar in twenty-five pound lots for home canning, upon the surrender by the purchaser of home canning agreements in the form prescribed by the Federal Food Administrator of his state. These home canning agreements could in turn be accepted by the jobber, and were used by him in the purchase of sugar from refiners.

The scheme was admirably suited for the control of the total amount of sugar to be consumed in the country, as the certificate plan placed this matter entirely within the control of the Food Administration. The principal problem was to secure an equitable

distribution of the available supplies between the different classes of trade and among consumers.

The following is the scheme upon which sugar certificates were apportioned for July, August and September, 1918:

Class A. Included manufacturers of the following: Candies, syrups, chewing gum, cocoa and chocolate, condiments, confections, flavoring extracts, invert sugar, soda water, soft drinks, sweet pickles, tobacco, honey, wines, dental preparations, dessert powders, malted milk, etc. (Manufacturers in this class were limited for July, August, and September to 50 per cent. of the amount of sugar they used for the corresponding months the preceding year.)

Class B. Included manufacturers of canned and preserved fruits and vegetables, catsup, chili sauce, drugs, explosives, glycerine, preserved meats and milk, and persons engaged in bee culture. (These were entitled to their reasonable requirements.) Ice cream manufacturers formerly of this class were now allowed only 75 per cent. of their consumption of sugar for the same period the preceding year.

Class C. Included all public eating places, boarding houses serving an average of more than 25 persons daily, hotels, restaurants, dining cars, boats, clubs, buffets, caterers, institutions (city, country, state or federal), hospitals, private canteens, internment camps, etc. (Basis of allowance was 3 pounds for every 90 meals served during same quarter 1917, or 3 pounds per month for every 90 meals served in June, 1918.)

Class D. Included manufacturers of all bakery products, including bread, rolls, sweet yeast dough goods, crackers, biscuits, cookies, ice cream cones, cakes, pies, fried cakes, pastry, quick breads, Boston brown bread, batter cakes, waffles, etc. (The basis of their allot-

ment for the quarter beginning July first was 70 per cent. of the amount used during the corresponding period of the preceding year, or 70 per cent. of the sugar used in June, 1918, for each month of the quarter.)

Class E. Included retailers selling sugar to consumers. (They were allowed certificates for July equivalent to one-third of their total sales for the months of April, May, and June, 1918.)

The issuance of sugar certificates to any person, firm or corporation by the Food Administration was not a guaranty that sugar could be obtained to that amount, or that the holder of the certificates was entitled to buy from any particular source. The ordinary commercial relations of buyer and seller remained undisturbed, except that sugar could not be purchased without the surrender of certificates for an equal amount.

Retailers could not sell sugar to consumers in quantities greater than 2 pounds at a time for residents of towns or cities, or 5 pounds at a time for those residing in the country, except as special modifications might be made by the State Food Administrator for consumers located a great distance from market. In no case could they sell any family at a rate exceeding 3 pounds per person per month, except for home canning, as mentioned above. If the retailer sold sugar for any purpose other than for family consumption and home canning he was required to obtain sugar certificates from the purchaser for the amount of sugar sold.

The apportionment of sugar to all these various classes was based upon sworn statements which each dealer or manufacturer was required to submit to the Food Administrator of his state, showing the past usage of sugar which was to be the basis of the allotment.

There is not the slightest doubt but that while the sugar certificate plan was perhaps as fair as could be devised, it resulted in inequalities and perhaps injustice in many individual instances. The statements submitted by many dealers and manufacturers were practically impossible of verification, and would have been so even if there had been a sufficient force of Food Administration inspectors to examine the records of all. Many dealers had no records by which the facts as to their past use of sugar could be verified. In such cases reliance had to be placed in the dealer's honesty in making the best guess possible. As long as his statement was merely a guess it is possible that it was more or less tinged with liberality, in order that he should secure the largest possible allotment. Only in flagrant cases was it possible to penalize such persons for misstatements. The sugar certificate plan, therefore, bore most heavily on larger manufacturers and dealers who were required to submit accurate statements of past performance based on their records which were usually in a condition to be verified.

Furthermore, there were no sure means by which consumers could be held within the actual three pound limit. Many retailers do not know their customers personally and where there were a large number of clerks it was utterly impossible for the dealer to keep account of the total amount of sugar sold to each household during the month. Besides it was easy for a consumer to go from store to store and thus secure larger amounts of sugar than he was entitled to receive. It was evident that as the retailers' supplies were limited, if one consumer obtained more than his proper share it meant a corresponding hardship to some other individual.

It may be said, however, that the vast majority of

retailers made every effort to effect the most equitable distribution of sugar possible, and it was only through their voluntary coöperation, and that of consumers generally, that the hardships of the certificating plan were not greatly accentuated. Fortunately the self-interest of the retailer was coupled with this patriotism, as it was naturally his desire to keep his customers satisfied, and the distribution effected proved to be even more equitable than could have been expected.

On the first of August, the allotment of sugar to individual consumers was reduced to two pounds per month, and retail dealers were instructed to limit their sales to this amount. This allotment no doubt entailed a real sacrifice for some, but in many instances, households voluntarily reduced their consumption below the amount specified. At this time also a poster was distributed for display in all the retail stores, calling attention to the fact that the consumer's allotment of sugar was now two pounds per month, and showing by graphic illustration that this allotment was still considerably larger than that of the civilian population of the Allies.

As all hotels and public eating places were under the certificate plan, it was not difficult to limit their consumption of sugar for all purposes to the amount specified.

One of the most serious problems encountered, however, was the difficulty of seeing that consumers received the necessary amount of sugar for home canning in order to insure the preservation of the fruit crop. It was the desire of the Food Administration that sufficient sugar should be allotted for this purpose, but as such an allotment afforded a ready means by which a consumer could obtain more sugar than allowed for current household use, the issuance of home canning

agreements and sugar certificates for this purpose had to be closely guarded by the local representatives of the Food Administration in the respective states. No doubt some Food Administrators went further in restricting the sale of sugar for home canning purposes than it was the desire of the Food Administration at Washington that they should go, and there were numerous complaints from all parts of the country that large quantities of perishable fruits were liable to go to waste on account of the difficulty of obtaining sugar.

To meet this situation the Food Administration in connection with the Department of Agriculture instituted a campaign for "Maximum Canning with Minimum Sugar," and a very large number of leaflets with canning instructions were distributed to all parts of the United States. Finally the Food Administration determined that home canning requirements for sugar should be met, even at the expense of still further reducing the available supplies for the last few months of the crop season, and all State Food Administrators were instructed to freely allow the sale of sugar on home canning agreements, where there was satisfactory evidence that the purchase for home canning was in good faith.

There was also some hardship on new manufacturers, and on dealers desiring to go into the retail or wholesale business. No sugar certificates were allotted to manufacturers who started their plants after April first, or to bakers, wholesale grocers, or retailers who commenced business after July first. While this rule worked a real hardship in some instances its enforcement seemed absolutely necessary, as the curtailment of the sugar supplies of existing manufacturers and dealers would have been absolutely useless, if others could

immediately enter the field, and supply the demand for the sugar, or for the products made from it, which on account of the restrictions could not be supplied by the existing merchants and manufacturers. This rule was modified in November as soon as the slight easing of the sugar situation would permit, and State Food Administrators were granted authority to issue certificates to new dealers and bakers in cases where shifting centers of population presented an economic need for new channels for food distribution.

The sugar allotment for October was the same as it had been during the summer months. On the 15th of that month the rule for quantity sales of sugar by the retailer was changed so that a retailer might sell one pound of sugar for each member of the buyer's family during each half of the calendar month. This was a great convenience to the retail stores in assisting them to keep a correct account of the usage of sugar by their customers, and it was an economy to them in reducing the total number of sales.

By the first of November the sugar situation had eased to the extent that it was found possible to increase the consumers' allotment of sugar to three pounds per month, and the retailer was allowed to sell a full thirty days' supply to each family. There was also a more liberal allowance of sugar to certain manufacturers, and the allotment to all public eating places was increased in proportion to the increase of the consumers' allotment.

Soon after the signing of the Armistice it was found possible to withdraw the sugar rationing plan entirely, and no further restrictions remained on the quantity sale of sugar after December first, except that under the general license regulations, stocks were limited to sixty days' supply, while in the North Atlantic States it was

necessary to prohibit the carrying of more than a thirty days' supply till the arrival of the new Cuban crop. The restriction on the quantity sales of sugar by the jobber to the retailer was automatically canceled when the certificate plan went into effect, and there was no necessity of its revival after the plan was withdrawn, as it was believed that the sixty-day rule would be all that would be necessary to prevent hoarding.

The relative amount of sugar saving which was effected through the sugar certificate plan, compared with the amount saved through the voluntary sacrifice of the American people, is of course problematical, as both elements worked to the same end. However, as there was always a demand for all the sugar permitted to be sold under the certificating plan, it is evident that in the last analysis, the total saving of sugar was contingent on the amount of certificates issued. The voluntary saving, however, was absolutely essential to the success of the plan as a whole, for on account of the inevitable inequalities of distribution, without this voluntary saving, such a hardship would have been worked on so many individuals that public opinion would hardly have supported the maintenance of the certificate plan. It is safe to say that during the entire period of the operation of this system the American people consumed less than 70 per cent. of their normal quantity of sugar, and probably 900,000 tons of sugar were saved. The results fully justified again the faith of the Food Administration in the development of the spirit of sacrifice of the people as the only true basis upon which a democracy could win a war.

CHAPTER XV

DEVELOPMENT OF SPECIAL COMMODITY REGULATIONS

We have now discussed the general principles upon which the Food Administration regulations were founded. However, in the application of these general principles to the various commodities, such a wide divergence of conditions was found to exist that there was a gradual tendency toward the specialization of all rules and regulations. Accordingly several divisions of the Food Administration were organized and the specific task assigned to each of working out the problems and establishing special rules applicable to manufacturers and dealers in some one or more of the important food commodities. A great many of these divisions first saw their rise and development in the Distribution Division or in the Perishable Goods Division, and the rules as ultimately formulated partook of the general character of the rules of either one or the other of the parent divisions.

The general license regulations applied to all commodities until the special rules governing a particular commodity were promulgated, after which time both the general and the special rules applied, except where the special rules conflicted with the general rules, in which latter case the special rules applied.

It is not possible within the brief compass of this work to call attention to the methods by which it was sought to adapt the general principles of the license regulations to the various commodities. In all the

special license regulations a scheme of control was worked out with the sole purpose of accomplishing the objects already set forth as the principles underlying all Food Administration rules and regulations.

The efforts of the Food Administration to maintain a fair and reasonable price to the consumer extended in some cases beyond the control of manufacturers' and distributors' profits. In the case of all commodities where it was possible to do so, the producers were called together, and partly by means of regulations applicable to licensees, and partly by means of voluntary agreements, agreed prices for the raw material were established, by which not only was the producer assured of a fair and reasonable price for farm products, but through the establishment of manufacturers' and distributors' margins, the stabilization of prices for the commodity to the consumer for the entire season was obtained. Among the articles upon which basic maximum prices were established we find: wheat, flour, sugar, lard substitutes, rice, canned salmon, canned sardines, canned tuna fish, California dried fruits, black strap molasses, refiners syrups, mill feeds, cottonseed products, and a few others.

Where it was not possible to establish basic prices, competition among dealers and manufacturers was allowed to control the price which the grower received for the raw material, and the efforts of the Food Administration were largely confined to seeing that no manufacturer or intermediate distributor made more than a reasonable profit. The latter class of commodities embraced the following important staples: corn, oats, rye, barley and their products; live stock and its principal derivatives: canned peas, corn and tomatoes, coffee, condensed milk, butter, cheese, eggs, poultry, etc. Upon these latter commodities no means were found

under the law of effectively controlling the price of raw material without discouraging production, which would have been fatal to the whole scheme of food control.

We shall briefly mention the means by which it was sought to control a few of the more important items among the commodities mentioned above.

FLOUR

As already pointed out the basic price of flour was obtained from the cost of wheat as fixed by Presidential proclamation. On the crop of 1917, flour millers were allowed a net profit of 25 cents per barrel. As the cost of milling varied in different mills, it was impossible to secure in this way a perfect stabilization in flour prices. Many of the mills desired to play safe and charged enough for their flour, so that there would be no chance of their total profits for the year falling below the amount allowed. As a result some of the larger mills toward the close of the season, found it necessary to reduce their flour prices far below the cost of production, and a few favored dealers were thus enabled to obtain flour at three or four dollars per barrel less than the prevailing market price. The Food Administration undertook to trace sales of flour at these exceptionally low figures to see that the consumer got the benefit of these prices. This method, however, proved so unsatisfactory that the Food Administration advised the mills that if they had any more flour to sell at below cost prices, they should sell it to the Government.

Another serious objection to this method of regulating flour prices was that it offered great temptations to the miller to pad his expense accounts, to increase salaries of officials, and to charge expense of operation improvements which should have been charged to capital

account, and a number of millers who were unable to resist the opportunity of extra profits which such methods afforded lost their licenses.

Under the new basis for the 1918 crop, the miller was allowed a gross profit of $1.10 per barrel to cover his entire expenses of operation and manufacturing costs. The basic price was arrived at as follows: The price of wheat mill door was multiplied by 4.4 to give the value of the wheat content of a barrel of flour. From this amount was deducted the value of 68 pounds of mill feed which was taken out of the wheat in the course of manufacture. To the price so obtained was added a maximum of $1.10 which represented the miller's gross profit. This was the basic price or maximum which he might charge for the sale of flour in car lots f. o. b. mill. A differential of 25 cents per barrel was allowed for sales of flour to wholesale dealers in carload lots payment on arrival, and of 35 cents per barrel for flour sold in less than carload lots, payment on arrival. In sales to retailers mills might charge 50 cents per barrel additional over basis as a distributor's profit.

An additional charge for credit and delivery service was allowed on sales to dealers which, however, could not exceed the actual cost of the service performed, and in no event could it exceed twenty-five cents per barrel. In sales to consumers the mills were permitted to add a distributive charge of not to exceed $1.20 per barrel. In addition to this margin the miller was permitted to add the actual cost of the containers used, and all freight charges where goods were sold delivered.

As the margins for wholesalers and retailers were also fixed the price of flour was thus stabilized throughout the United States. The large amount of wheat and flour pressing on the market early in the fall of 1918,

however, resulted in a competitive condition so that in many localities flour was sold on a margin considerably less than the maximum which mills and dealers were permitted to take.

MILL FEEDS

Throughout the history of the Food Administration the demand for mill feeds far exceeded the supply. It was at once evident that the millers' profits must be controlled on feeds as well as on flour, so that a basic price was fixed for mill feeds almost as soon as the original flour regulations were adopted. This basic price brought the feeds into direct relation to the price of wheat, and as the wheat price had been stabilized, the stabilization of the price of mill feeds naturally followed. However, as conditions changed it was frequently necessary to change the basis of the price of the different feeds among themselves, as well as the basic price of feeds in its relation to wheat. As finally effective for the 1918 crop the basic price of mixed mill feeds, containing all the wheat kernel not made into flour, f. o. b. mill, was fixed at one-third the cost of an equal weight of wheat. Shorts, middlings and red dog might be sold at $.75 per ton over the basis so established, and bran could be sold at not more than $1.25 per ton under this basis.

The following additional margins were permitted: sales of mill feeds of less than one carload but more than one ton, to wholesalers $1.00 per ton, to retailers $2.00 per ton; sales of less than one ton lots to any dealer $3.00 per ton. The margin of millers on sales to consumers was based on the action of the zone agents of the Food Administration, and mills in each zone were instructed as to the maximum which would be al-

lowed in their particular locality. In addition to the specific margins the mill might add the actual interest on credit accounts and the actual cost of cartage when goods were sold delivered.

Through similar methods the basic price was fixed for all feeds which were the products of rice, cottonseed, or beets. The dealer's profit on all these feeds was fixed as follows:

Shipment from mill, cash or sight draft, carload lots, 1.00 per ton
Shipment from mill, payment on delivery, carloads, $1.50 per ton
Shipment from mill, over one ton but less than one carload .....$2.00 per ton
Shipment from mill, less than one ton, ...$2.50 per ton
Delivery out of dealer's warehouse, quantities of one ton or more .....$4.00 per ton
Sales out of dealer's warehouse, less than one ton, $5.00 per ton

To these margins might be added not to exceed $1.00 per ton for credit and delivery. The retail dealer was further not permitted to make an average of more than 6 per cent. net on his annual sales of feeds, while the wholesaler was limited to an average profit not to exceed 4 per cent. on his gross annual sales.

As the price of coarse grains was not stabilized, and as these commodities were subject to rapid fluctuations of the market, it was not possible to establish specific margins for dealers in feeds which were the products of the coarse grains. However, both manufacturer and retail dealer were limited to a specific average net return of 6 per cent. on their total annual sales of feeds, and the wholesale dealer was limited to a net return not to exceed 4 per cent. on his gross sales of feeds. No individual transaction could show either wholesaler or retailer a gross profit in excess of 15 per cent.

Likewise the profit for dealers in the coarse grains themselves was limited to a maximum of 3 per cent. net

on gross sales of not more than $300,000 per annum, and of 2 per cent. net on gross sales in excess of $300,000 per annum.

SUGAR

In a preceding chapter we have described the various steps by which the basic price of sugar was fixed. It was not found possible, however, to renew for the 1918 crop, the agreements with the sugar beet producers and the cane sugar interests on the same basis as the preceding year. After prolonged negotiations with the sugar beet producers and with the beet sugar refiners, a basis was agreed upon for the purchase of beet pulp, and refiners' margins were fixed on the basis of the cost of the raw material which necessitated an advance in the price of refined sugar from $7.35 to $9.00 per 100 pounds sea-board basis. This advance became effective on September 9th, 1918, and applied to all lots of sugar received from the refiners after that date, regardless of the price at which sugar in transit might have been billed.

All stocks of sugar in the hands of refiners were taken over by the Sugar Equalization Board, a Government corporation, at the old price and rebilled to them at the new price, so that refiners were not permitted to absorb any additional profits out of the advance. The profit thus earned by the Government was used to defray the expenses of the administration of the sugar distributing plan, and the surplus reserved for the equalization of the price of the raw product where the agreed price was found to work inequitably. Wholesalers and retailers were permitted to sell sugar purchased on the old basis at the new level of prices established, but they were required to sell all their existing stocks at not more than the prescribed margin

over cost. This latter action alone probably resulted in a net saving to the consumer of not less than $15,000,000, as there is no question but that for the regulations dealers would have immediately advanced their prices to conform to the new basis.

CANNED FOODS

As already pointed out, it was found impossible to establish a basic price for canned peas, corn or tomatoes. The prices at which canned goods of the 1918 pack were sold for future delivery were by far the highest ever known for future sales. There were no means by which the Food Administration could prohibit the sale of futures at the prices named without doing great harm to the industry. If trading in futures had been suspended entirely, many small canners would have been unable to finance their operations for the year. Furthermore it was impossible to limit these prices through the curtailment of profits, for the products were yet to be grown, and future costs in the existing condition of the market for labor and material were entirely problematical.

It was decided, therefore, that definite maximum margins for canners should be established, and if after the crop had been produced, and the goods packed, it was found that the canner would make more than the prescribed margin on the sale of the goods at the contract price, he should be required to reduce his price at the time of billing so as to conform to the margins set.

It is believed that the margins established were sufficiently liberal as compared with the average profits of the canners for the previous years, and it was felt that as long as the Food Administration was not in a position to guarantee the canner against losses, the

permissible profit should be a little higher than the average, for otherwise production might be discouraged. On May first, 1918, the following maximum margins were announced for canners.

Corn No. 2.	Standard	$ .19 per dozen
Corn No. 2.	Extra Standard	$ .22 per dozen
Corn No. 2.	Fancy	$ .30 per dozen
Peas No. 2.	Sub Standard	$ .15 per dozen
Peas No. 2.	Standard	$ .22 per dozen
Peas No. 2.	Fancy	$ .31 per dozen
Tomatoes No. 3.	Standard	$ .27 per dozen
Tomatoes No. 3.	Fancy	$ .31 per dozen
Tomatoes No. 10.	Standard	$ .90 per dozen
Tomatoes No. 10.	Fancy	$1.00 per dozen

While the Government purchases were larger than anticipated, the season proved quite favorable to the production of canned foods, and notwithstanding the high prices prevailing for labor and materials, many canners found that they could not deliver their products on the basis of the contract prices without making a profit materially higher than that allowed by the regulations. Every effort was made to get such canners to revise their prices before billing, as it was feared that after the goods had been shipped they would move quickly to the retailer and thus pass into consumption, and if the price revision was made after the goods had been shipped, it would be impracticable to rebate the goods all along the line so that the consumer would get the benefit of the reduction. In that case the rebate would accrue as an unearned profit to the dealer.

Accordingly, it was announced on September 14th, that the revision of prices by canners must be made before shipping the goods. But many canners found that they could not do this. In many cases the packing season had not been completed, but the canner was compelled to make shipment as buyers were demanding

goods for the early fall trade, nad in many cases the canner was compelled to make shipment because of lack of storage space.

The net result was that when the packing season was complete, and canners were closing their books, a very large number found that they had exceeded the maximum profits allowed by the Food Administration. Many of the goods so sold had already reached the consumer, and there was no means by which the necessary reduction in price could be made to apply to the particular goods sold.

In view of this condition the Food Administration issued a circular on October 25th, permitting a canner who had made excessive profits to remit the amount in excess of the authorized margin to the jobber to whom he had sold the goods, and at the same time he was required to report the transaction to the Food Administration. The jobber who received such rebate was required to apply it on the cost of the goods, if same were still held in stock, or otherwise upon the cost of all goods in stock of the same size and grade of the same commodity, and to sell such goods on the basis of the cost so reduced. In this way if the consumer did not get the benefit of the rebate on the particular can of goods for which it was intended, he did get a similar reduction on other goods of like kind, so that the net result to the consumer was the same as if the price had been reduced before billing by the canner.

The jobber was also required to report the details of each transaction to the Food Administration, and the reports of the canner and of the jobber were compared to see that the regulations had been complied with. It is estimated that $12,000,000 to $15,000,000 in real cash was thus actually rebated to dealers by canners, and the effect of this on the market was such

as to reduce the total cost of canned goods to the consumer by probably much more than the amount of the rebates.

The Food Administration found it possible to enter into definite agreements with salmon packers and with packers of sardines and tuna fish by which specific maximum prices were agreed upon for the 1918 pack, and in many cases also through these agreements the fisherman was assured of a definite minimum price for raw fish, which it was believed would serve to stimulate production. While the prices so agreed upon and promulgated by the Food Administration seemed high they were materially lower than those first asked by the packers or than those which would have prevailed but for the establishment of the margins. In all cases a careful investigation was made of the expenses of the business, and, with a further limitation upon the annual net returns to the packers, the public was assured of the most reasonable prices possible under the circumstances. The following tables indicate some of the maximum prices so promulgated.

Salmon	Maximum Prices No. 1 Tall	No. 2 Flat	F. O. B. Coast Halves
Alaska Reds	$2.35	$2.50	$1.65 per doz.
Alaska Medium Reds	$2.25	$2.40	$1.60 per doz.
Alaska Pinks	$1.65	$1.80	$1.15 per doz.
Alaska Chums	$1.60	$1.75	$1.10 per doz.

Puget Sound and Washington Coast Salmon.

	No. 1 Tall	No. 1 Flat	Halves
Fancy Spring or Chinooks	$3.15	$3.25	$2.00 per doz.
Standard Spring or Chinooks	$2.75	$2.85	$1.75 per doz.
Cohoes	$2.40	$2.50	$1.60 per doz.
Chums	$1.75	$1.85	$1.10 per doz.

The maximum price for eastern sardines ¼s oil was fixed at $6.50 per case, and packers agreed to

pay $25.00 per hogshead for raw fish. Similar arrangements were made with packers of western sardines and with packers of canned tuna, so that both producer and consumer obtained the benefit of the restrictions so imposed.

DRIED FRUITS

As already pointed out no sales of licensed dried fruit for future delivery were allowed before July first of the year in which the commodities sold were to be packed. Packers of dried apples were limited to a net return of 4 per cent. on their total annual sales. After prolonged conferences between the Food Administration and the California packers the following maximum prices were agreed upon for dried fruit of the 1918 pack, price f. o. b. Pacific Coast:

Peaches, Choice Yellow	$ .11¾ per pound
Peaches, Fancy Yellow	$ .12½ per pound
Peaches, Choice Muir	$ .11⅞ per pound
Peaches, Fancy Muir	$ .12⅞ per pound

(One cent per pound could be added for peaches packed in 50 pound boxes and 1¼ cents per pound for peaches packed in 25 pound boxes).

Raisins, Fancy Seeded	$ .0962	per pound	
Raisins, Choice Seeded	$ .09125	per pound	
Raisins, Bulk Seeded	$ .08	per pound	in 25 lb. boxes
Raisins, Loose No. 2 Crown	$ .075	per pound	in 25 lb. boxes
Raisins, Loose No. 3 Crown	$ .08	per pound	in 25 lb. boxes
Prunes, 40/50 to pound.	10 cents	per pound	bulk basis
Prunes, 50/60 to pound.	9 cents	per pound	bulk basis
Prunes, 60/70 to pound.	9 cents	per pound	bulk basis
Prunes, 70/80 to pound.	8¾ cents	per pound	bulk basis

GREEN COFFEE

Coffee was an article upon which no basic price could be fixed as no coffee is produced in this country, and it was impossible to control the foreign producer. In December, 1917, and in January, 1918, a speculative movement began in coffee in this country. Although

stocks were at the time sufficiently large, both in America and in Brazil, there was a great deal of anxiety over the tonnage situation, which was such as to be likely to cause serious curtailment of imports.

It was therefore necessary to place green coffee under license, and margins were established for all dealers, and for a time the advancing tendency of the market was completely checked by the fixing of maximum prices for the sale of futures on the New York Coffee Exchange.

In June, however, there occurred one of the most disastrous frosts in the history of Brazil. Damage to the coffee trees was estimated at from 40–80 per cent. The Brazilian market became excited and a most rapid and unprecedented advance took place. Immediately after the signing of the Armistice, the advance was accentuated by the belief that the Central Powers would take vast quantities of coffee, and the price was run up 21½ cents per pound for Santos 4's in Brazil, as compared with a price of 8 cents in May.

As it was impossible for the Food Administration to stop this advance or in any way to control it, the activity of the Food Administration was directed towards seeing that no profiteering took place on existing stocks, and it was ruled that all coffee must be sold on the basis of average cost, rather than on the basis of the existing market. The result of this control was that roasted coffee could be purchased at retail throughout the United States at very little more, shrinkage considered, than the price of the raw product in Brazil.

Maximum margins as finally established on green coffee were as follows:

Importer's margin	5 per cent.
Jobber's margin	7½ per cent.
Jobber's margin (less than 25 bag lots)	12½ per cent.

On resales within the same class of trade only half the permissible profit was allowed, and only one resale was permitted.

On purchases for importation after December 15th, 1918, the importer was allowed a maximum profit of 7½ per cent., and he was permitted to average this profit on all sales for a period of three months. This change was necessary as the risk attached to the importation of coffee was such that importers did not care to make purchases under existing conditions, and some means had to be devised to offer greater inducements for importation.

Roasted coffee was not licensed, but the Food Administration ruled that it would construe any profit exacted by the roaster in excess of his customary prewar net percentage as *prima facie* a violation of the statute.

Another important matter in connection with coffee was the freight situation. The United States Shipping Board had fixed maximum freight rates from Brazil, but steamer space was so scarce that when once secured it was frequently resold to another importer at an exorbitant profit. This practice was checked by a rule which prohibited any licensee importing coffee from paying any freight rate in excess of that prescribed by the Shipping Board, and many of these freight profiteers were compelled to make refunds.

CHEESE

Rules governing manufacturers and dealers in American Style or Cheddar Cheese were announced on June 12th. These rules were subsequently amended to cover other types of cheese, and the wholesale dealers' margins as finally announced after some changes were as follows:

AMERICAN STYLE OR CHEDDAR CHEESE

QUANTITY

Carload lots	¾ cent per pound
7000 pounds to carload	1¼ cents per pound
4000 to 7000 pounds	1¾ cents per pound
1000 to 4000 pounds	2½ cents per pound
100 to 1000 pounds	3 cents per pound
Under 100 pounds	3½ cents per pound
Retailer to consumer	7 and 8 cents per pound

ROUND TUB OR SWISS CHEESE

Carload lots	1¾ cents per pound
6000 pounds to carload	2½ cents per pound
3000 to 6000 pounds	3½ cents per pound
On Tub to 3000 pounds	4 cents per pound
120 pounds to one tub	5 cents per pound
Under 120 pounds	8 cents per pound

BLOCK SWISS CHEESE

Carload lots	1 cent per pound
8000 pounds to carload	1⅜ cents per pound
1500 to 8000 pounds	2 cents per pound
750 to 1500 pounds	2½ cents per pound
150 to 750 pounds	3 cents per pound
Under 150 pounds	4½ cents per pound

BRICK, LIMBURGER AND MUNSTER CHEESE

Carload lots	1½ cents per pound
6000 pounds to carload	1⅝ cents per pound
2400 to 6000 pounds	2½ cents per pound
600 to 2400 pounds	3 cents per pound
120 to 600 pounds	3½ cents per pound
Under 120 pounds	5 cents per pound

To the above margins might be added:

a. Freight charges.

b. Storage charges (if cheese was stored more than 60 days).

c. Insurance charges (if cheese was stored more than 60 days).

d. Interest on capital (if cheese was stored more than 60 days).

e. Actual cost of paraffining (not to exceed ¼ cent per pound).

f. Cost of reboxing American type cheese (not to exceed ½ cent per pound).

As applied to the first three types of cheese mentioned, an additional charge of ¼ cent per pound could be made for each month the cheese was stored after the

first thirty days, such additional charge, however, not to exceed a total of two cents per pound.

On Brick, Limburger and Munster cheese the additional charge for storage was ⅜ cent per pound for the second month and ¼ cent per pound for each additional month, such additional charge not to exceed a total of 1⅜ cents per pound.

Resales of cheese within the same class of trade were closely restricted, and margins fixed commensurate with the service actually performed. In order to prevent hoarding a rule was passed prohibiting any dealer from carrying cheese in stock manufactured in 1917 after June 1st, 1918, except where it was necessary to carry cheese for a longer time for curing purposes, and permits for this purpose were freely granted where it was clear that there was no intention to evade the rule.

BUTTER

The rules governing licensees in cold storage and fresh butter were similar to those applying to cheese. The manufacturer was limited to a profit of 5 per cent. over the cost of butter fat. To this margin he might add the actual cost of packing and containers used. The wholesale dealers' margins announced June 12th, 1918, were as follows:

Quantity.	
Carload lots	1 cent per pound
7000 pounds to carload	1½ cents per pound
3500 pounds to 7000 pounds	2 cents per pound
700 to 3500 pounds	2½ cents per pound
100 pounds to 700 pounds	3 cents per pound
Under 100 pounds	3¾ cents per pound
Retailer to consumer	6 to 7 cents per pound

Storage, interest, insurance, and other charges similar to those provided in the cheese rules might be added to these margins, as well as an additional allowance

of ½ cent per pound per month for each month of storage exceeding 60 days, but the total charge so added could not exceed 2 cents per pound. Resales within the same class of trade were limited as were also margins of brokers and commission merchants.

EGGS

On account of the tremendous loss of eggs through deterioration, breakage, etc., the rules governing licensees in eggs were principally directed to promoting prompt handling, fair dealing and candling.

Maximum Margins on Cold Storage Eggs:

Commission merchants	4% on cost
Wholesaler to jobber	4% on cost 7% if candled
Jobber to retailer	5% on cost 10% if candled
Jobber to hotels and restaurants	12% on cost
Retailer to consumer	seven to eight cents per dozen

The maximums stated above might be increased by 6 per cent. in case the seller was also the original storer, and eggs were stored for a period of over thirty days, but if the retailer was the original storer the total margin allowed could not exceed 21 per cent. on cost.

The actual loss of eggs in candling could be taken into consideration in figuring the retailer's costs but not the expense of labor of candling.

No means were found of establishing any control upon the amount which the producer should receive for eggs, and the extraordinary high prices which prevailed during war times were entirely due to natural causes over which the Food Administration had no control.

LARD SUBSTITUTES

Upon the 27th of September, 1918, the Cottonseed Division issued a general circular announcing the rules

governing the manufacture and distribution of lard substitutes. In the effort to stabilize prices throughout the United States, both as to the price paid to the grower for the raw material, and the price to be paid by the consumer for the finished product, the price of crude cottonseed oil at the point of production was fixed at 17½ cents per pound, tank cars.

A gross manufacturer's margin of 5½ cents per pound was allowed, so that the selling price of lard substitutes was fixed at 23 cents per pound tierce basis on all sales of 5,000 to 30,000 pounds, or 24¼ cents per pound on smaller lots. This automatically gave the wholesale dealer who purchased in 5,000 pound lots a profit of 1¼ cents per pound. Purchasers of lard substitutes in lots of 30,000 pounds or more were allowed by the manufacturers an additional discount of ¼ cent per pound, so that the total differential margin for such dealers was 1½ cents per pound. Both manufacturers and dealers were asked to maintain the minimum differentials agreed upon, as it was felt that otherwise the stabilization program could not be successful.

While the differentials named were regarded as the minimum which the dealer should accept, they were not intended as a maximum, for under the rules already established providing maximum margins for distributors, wholesale dealers were permitted a margin of 1¼ to 2 cents per pound on lard substitutes in bulk, and of 8 to 10 per cent. on selling price of lard substitutes in packages.

As the basic price of lard substitutes so agreed upon applied only to lard substitutes packed in tierces, it was necessary to establish package differentials sufficient to cover the excess cost of other standard containers used over the cost of the tierce, and with the

establishment of a few freight differentials in intermountain and Pacific Coast territory, and with the further establishment of retailers' margins, the price of lard substitutes was completely stabilized throughout the United States.

OLEOMARGARINE

As finally announced on December 4th, 1918, manufacturers' profits on oleomargarine were limited to 10 per cent. on selling price plus actual manufacturing expenses, which latter could not in any event exceed $6.50 per 100 pounds. Wholesale dealers' margins were fixed at 2½ cents per pound, and retailers' margins at 5 to 6 cents per pound.

FRESH FRUITS AND VEGETABLES

On account of enormous losses which dealers were frequently compelled to take in handling fresh fruits and vegetables, the rules of the Food Administration did not prescribe fixed margins for handling these products. The regulations provided for prompt unloading, and for fair dealing throughout for the protection of both the producer and the consumer. The shipper was not permitted knowingly to ship goods below quality called for in the contract, and the consignee was required to unload goods within three days of arrival, and he was not permitted to cancel an order while goods were in transit or after arrival, and rejections were not allowed except for justifiable causes. Commission merchants were forbidden to advance their commissions, and negligence on the part of any dealer resulting in the waste or deterioration of wholesome food was severely punished, and in quite a number of cases resulted in the loss of the dealer's license.

SYRUPS AND MOLASSES

Syrup prices were stabilized by agreements with refiners fixing the price of the raw material. The following were the basic prices announced; f. o. b. point of production:

	In Barrels.	In Tank Cars
Refiners Syrup, High grade per gal.	$ .55	$ .50
Refiners Syrup, Medium grade per gal.	$ .40	$ .35
Refiners Syrup, Low grade per gal.	$ .30	$ .25
Black Strap Molasses per gal	$ .23	$ .17
Beet Molasses—Bulk per gal.	$ .23	$ .17

MAXIMUM MARGINS ON SYRUPS

Syrup Mixers 6% net, on gross sales.
Syrup Dealers 5% gross on car lot sales.
Syrup Dealers 7% gross less than car lots to jobbers.
Syrup Dealers 12–15% gross less than car lots to bakers, retailers, etc.

Standards were set for the manufacture of the various classes of syrups, but these were repealed soon after the signing of the Armistice.

RICE

On July 29, 1918, the Food Administration announced its rice regulations, and the terms of the agreement with the rice millers.

The margin for the dealer in rough rice was fixed at 1 per cent. on straight sales, and not to exceed 1½ per cent. additional for special services. No resales on rough rice were permitted but the dealer was required to sell directly to the mill. The miller's margin was fixed by agreement providing a minimum price to growers and a maximum price to the trade for clean rice, which allowed millers approximately a gross profit of ½ cent per pound. The basis agreed on for the 1918 crop was 7⅞ cents per pound for Fancy Blue

Rose, f. o. b. mill, with other grades at corresponding differentials. Commissions of brokers and margins of all intermediate dealers were also fixed, so that, freight considered, the retail price of rice was practically uniform throughout the United States.

Rice flour was not permitted to be manufactured from whole rice, and the miller's margin on rice flour was fixed at 75 cents per 100 pounds over the cost of screenings.

CEREALS, CORNMEAL, OATMEAL, ETC.

As it was impossible to adopt any price stabilization plan with reference to the coarse grains, it was likewise impossible to fix any basic price for products manufactured from coarse grains. There is no doubt that some millers made excessive profits early in the season of 1918, as these products were in such heavy demand owing to the operation of the "Fifty-fifty" rule. As soon as possible, however, a schedule of manufacturer's maximum profits was worked out on the basis of the cost of the raw material as follows:

MANUFACTURERS' MARGINS CEREAL PRODUCTS

Old Fashioned Corn Meal	50 cents per 100 pounds over cost of corn
Bolted Corn Meal	50 cents per 100 pounds over cost of corn
Pearl Hominy	80 cents per 100 pounds over cost of corn
Grits	80 cents per 100 pounds over cost of corn
Cream Meal	80 cents per 100 pounds over cost of corn
Raw Corn Flakes 1.20	per 100 pounds over cost of corn
Other Corn Meal	60 cents per 100 pounds over cost of corn
Barley Flour	95 cents per 100 pounds over cost of Barley
Rolled Oats, Oat Flour	90 cents per 100 pounds over cost of Oats
Rye Flour	90 cents per 100 pounds over cost of Rye

In addition the manufacturer was not permitted to make a net profit to exceed 6 per cent. net on his gross sales figured semi-annually.

Standards of manufacturing extraction and moisture

content were promulgated for all the above products, which greatly improved their keeping qualities.

Uniform size containers were prescribed, and package differentials were established to cover the varying cost of the containers used.

LIVE STOCK — FRESH MEAT, ETC.

Many causes contributed to render it impossible to standardize prices for live stock and its derivatives. The almost infinite number of by-products, and the great variety of grades of live stock, together with an extremely wide difference in manufacturing costs, rendered it impossible to determine upon a specific manufacturer's margin for the sale of each product. However, as the large part of the meat packing industry was concentrated in a few hands, it was not found difficult to exercise a close supervisison over the entire industry, to see that no excessive profits were exacted. The books of all packers were examined, and they were not permitted to earn more than 9 per cent. of their actual capital invested, and not to exceed 2½ per cent. on their gross sales.

Wholesaler's and retailer's margins were established on standard hams and bacon, and some progress was made by the Retail Section in standardizing cuts of fresh meat and in the establishment of tentative retail margins on the sale of this product. These problems were worked out in considerable detail in Washington, D. C., and in Philadelphia. The standardization of cuts made possible the exhibition in each retail meat store of a blackboard showing the prices of each of the various kinds of meats. The success of these experiments was such as would have fully justified the extension of the operation of this plan over the rest of the country if the war had continued.

CHAPTER XVI

VOLUNTARY PROPAGANDA

THE summer and fall of 1918 saw many efforts of the Food Administration not only to retain the loyal coöperation of the trades which had already been secured, but also to capitalize and use this good will in important service in connection with the winning of the war.

The approach of the potato harvest of 1918, found producers and dealers stocked with immense quantities of potatoes that had been left over from the previous year. This surplus was partly due to the fault of the growers in asking too high a price for the potatoes at first, and partly to the failure of transportation in the early winter, which had held potatoes back on the farm. Potatoes could not be exported, and as there was such an acute shortage of wheat a most energetic campaign was conducted through the wholesale and retail dealers to push the sale of potatoes, and to urge their use by the consumer in the place of wheat. Without doubt this campaign resulted in the avoidance of the complete loss of millions of bushels of this important food commodity, with a corresponding saving in wheat for export.

CERTIFICATE OF PLEDGE CAMPAIGN

It was also necessary to keep alive the retailers' spirit of voluntary coöperation. Sometimes the rapid changes in the regulations were discouraging to the dealer, and there was danger of the growth of apathy.

A new pledge campaign was instituted with the aid of the wholesale grocers and their salesmen, whereby all retailers were requested to renew their written pledge of loyalty to the Food Administration, and to agree to abide by all the rules and regulations, as well as to carry out fully, as far as possible, the Food Administration program of conservation. As these pledges were signed by the retailer, they were mailed to the Food Administration by the salesman who obtained them, and each dealer who had signed the pledge was sent a certificate of enrollment in the Food Administration which he was asked to display prominently in his front window. Again the ready coöperation of the jobbing trade and of the traveling salesmen brought quick and satisfactory returns to this effort, and it was not long till the certificates were displayed quite generally throughout the United States.

SAVING OF FRUIT PITS AND SHELLS

The Conservation Section of the Distribution Division also requested and obtained the coöperation of the dealers in the saving of fruit pits and nut shells for the manufacture of carbon for gas masks for our soldiers in France. It was found that this material made better carbon than any other available thing, except cocoanut shells, and as these articles were not available in any material quantity it was necessary to institute a campaign among consumers for saving and collecting them.

Wholesale and retail dealers carried out the instructions of the Food Administration with special eagerness on this point. They seemed more than glad to contribute any service of a kind which would directly aid in the saving of the lives of our boys in France. Posters urging the saving of the articles were printed by many wholesale dealers and were exhibited in retail

THE UNITED STATES FOOD ADMINISTRATION

THIS CERTIFIES that.....
has enlisted in the service of the Nation and as a dealer in the necessaries of life *Pledges*

¶ to abide by the Rules and Regulations of the

U. S. FOOD ADMINISTRATION

¶ to give all customers the benefit of *Fair and Moderate Prices*, selling the necessaries at only a *Reasonable Advance Over Cost* regardless of market conditions

¶ to discourage and prevent hoarding and waste and

¶ to cooperate fully in the food Conservation Program in order to

Save Food for Our People, Our Armies and those of the Allied Nations

THE UNITED STATES FOOD ADMINISTRATION

Per HERBERT HOOVER.

INSTRUCTIONS TO DEALERS

EVERY loyal Food Merchant in America who receives one of these certificates is expected to place it on display in a conspicuous place in his FRONT WINDOW, so that the public and the Federal inspectors will know where to look for it. It is also suggested that this certificate be framed in order to preserve it in good condition, as it is expected that it will remain on display for the remainder of the war.

If for any reason your certificate is lost or destroyed, write immediately to the Wholesale and Retail Division, United States Food Administration, Washington, D. C., and request that another be sent you.

If this certificate is not displayed in your store, the public will be justified in assuming that you have refused to sign the pledge for patriotic service as outlined on the reverse of this card.

PLEASE DO NOT FAIL TO DISPLAY YOUR CERTIFICATE IN THE FRONT WINDOW

stores everywhere, and each retailer displaying the poster provided a receptacle for the deposit of these much needed articles. After being assembled in this way, the pits and shells were turned over to the Red Cross, and were further assembled and shipped to the Gas Defense Division of the United States Army. In an almost incredibly short time more than 100 carloads were on the way. Owing to the Armistice, however, but little of the carbon thus manufactured was actually used in France, but ample supplies of this valuable material were assured if the war had continued.

BROKERS

It would not be fitting to close the history of this Division without reference to the part played by the brokers in the scheme of Food Control. Under the direction of Bird W. Housum the brokers of the country were organized to assist the Food Administration and at all times their loyal coöperation proved most invaluable.

The rules required the broker to play the game fairly. He could not speculate or buy goods for his own account unless he also operated a legitimate merchandising business. His commissions were limited to the amount customarily enjoyed before the war, and he was allowed neither to give to nor receive from either buyer or seller, extra presents or commissions beyond the customary brokerage on the commodity sold.

SPECIALTY MANUFACTURERS

All manufacturers of proprietary package foods were organized for the purpose of more effective coöperation in carrying out the regulations and policies of the Food Administration. This Section of the Distribution Division was under the direction of Frank Millard, who

kept in constant touch with committees representing the various lines of trade, and who, with their coöperation, drew up rules designed to effect substantial saving in the use of tin as containers for the various products, as well as the saving of man power and material, by the use of standard and uniform packages, thereby not only releasing large numbers of men for direct service, and saving steel and tin for the war industries, but also effecting substantial savings in the cost of manufacture, which savings tended to reduce the gross manufacturers' margin, thus effecting a saving for the consumer. Under the supervision of this Section, also, extensive plans were drawn up for effecting economies in the wholesale grocery business designed to reduce and eliminate the abuse of the return goods evil, excessive deliveries, and unnecessary carrying in of goods by the teamster, and which also planned to eliminate in large part the expense of repacking goods while in the hands of the jobber. The early termination of the war alone prevented the latter rules from being made effective.

CHAPTER XVII

THE EIGHTY-TWENTY RULE — CONCLUSION

FRANCE, England and Italy at first prepared for a short war, and its duration for a period so much longer than anticipated almost overwhelmed them. The United States, not wishing to make the same mistake, prepared for a long war, and its early termination found the United States in a position where her tremendous power was just beginning to be felt, and which could not have reached its maximum before the summer of 1919, or possibly even later. So the Food Administration builded at all times as though the war would extend over a period of years, and the readjustments of an early peace were bound to cost considerably more than they would have cost if the exact duration of the war could have been foreseen and plans laid accordingly.

The season of 1918 proved favorable to the wheat crop in America and to the crops in all the Allied countries. Even without calling on the large reserves in Australia, it was seen that with the development of habits of economy in consumption both at home and abroad, there would probably be sufficient wheat supplies to tide us over another year. But this nation did not wish to risk the outcome of the war on the possibility of equally good crops for 1919. So it was decided that wheat conservation should continue through the year, in order if possible to provide a comfortable surplus of wheat to carry into the next crop year.

After a conference between Mr. Hoover and the representatives of the Allied Powers, it was decided to recommend a standard loaf of bread to be used throughout the entire Allied world, consisting of not more than eighty per cent. wheat flour. It was believed that this would not only afford a palatable loaf of bread which the housewife could bake successfully in her own home, but would result in providing sufficient wheat conservation to enable us to carry over approximately 150,000,000 bushels of wheat into the next crop year. Accordingly the new wheat conservation regulations known as the "80-20" rule were promulgated on August 27th, and were made effective on September 1st, 1918.

Under these regulations, millers and wholesale dealers in flour were released from the necessity of selling substitutes with flour or even demanding certificates that the required amount of substitutes had been purchased. The combination sales rule was so amended that only the retailer could force the sale of substitutes with flour.

The retailer was required to sell wheat flour in combination with other cereals on the basis of four pounds of wheat flour to one of substitutes. The required substitutes for this purposes were limited to barley flour, corn flour and corn meal, one or more of which the retailer had to carry in stock at all times. The customer might at his option purchase any of the following alternative substitutes on the same basis, if the retailer had them in stock: — Feterita flour and meals, kaffir flour, milo flour, rice flour, peanut flour, bean flour, potato flour, sweet potato flour, and buckwheat flour. Pure rye flour and meal could be sold as a substitute on the basis of two pounds of rye flour to three of wheat flour.

The consumer was expected to use such substitutes in Victory Bread mixture, and it was considered unpatriotic for any housewife to bake bread that did not contain at least 20 per cent. of wheat substitutes. The rule prohibited any baker from baking or offering for sale bread or rolls that did not contain the required amount of substitutes.

Mixed flours containing 20 per cent. of substitute flours and which conformed to the formula for Victory Flour could be sold without substitutes, as could also whole wheat and graham flour.

There was no change in the list of substitutes for use by bakers, except that in the use of rye flour as a substitute such rye flour had to constitute at least 40 per cent. of the mixture, while in the use of other substitutes the mixture could be on the basis of 80 per cent. wheat flour and 20 per cent. substitutes.

Crackers were to contain not less than 10 per cent. wheat substitutes other than rye. The restrictions on the use of wheat in the manufacture of macaroni and breakfast cereals were removed.

Jobbers and retailers were allowed to carry a sixty days' supply of flour. The rule limiting the sale of flour by retailers in quantities in excess of one-eighth and one-fourth barrel was also rescinded, as well as the rule limiting consumers to thirty days' supply.

Every effort possible was made to encourage the manufacture and sale of Victory Mixed Flour, which was required to contain 20 per cent. of the substitute flours, but the operation of the Federal Mixed Flour Law imposing a tax on all mixed flour which contained more than 50 per cent. of the products of wheat operated very strongly against the success of this plan, though a large percentage of millers undertook the manufacture of considerable quantities of Victory Flour

notwithstanding the handicap of the Federal Mixed Flour license and tax.

The operation of this rule extended for only such a short period that it is unnecessary to discuss it in detail. In view of the large crop of oats and the comparatively small crop of corn, the propriety of excluding oat meal from the list of substitutes, and the inclusion of corn meal was questioned by many in the trade. The reason for this action by the Food Administration was that enormous quantities of oat meal were used as a breakfast food, while corn meal was more generally used as a substitute for wheat bread. No doubt the operation of this rule caused considerable grief to the housewife who had learned to bake oat meal bread under the operation of the " fifty-fifty " rule, but who was now required to purchase and learn to use other substitutes in addition to the oatmeal which she purchased for use in bread.

As already stated, under the operation of this rule millers and wholesale dealers were released from selling substitutes to retailers and to bakers with wheat flour, or from demanding certificates that the substitutes had been purchased elsewhere. This change in the rule was made in order to permit the distribution of the substitute cereals to go back to its normal channels, as it was believed that this would result in their being handled on a lower margin. However the temptation of retailers and bakers to evade the rule was so great, that the old rule requiring the wholesale dealer and miller to sell substitutes with wheat flour, or to obtain certificates that the required amount of substitutes had been purchased, was about to be reëstablished when the Armistice was signed.

This event marked the beginning of an early end of food control by means of licensing regulations. The

necessity of carrying over a reserve of 150,000,000 or more bushels of wheat into the next crop year was now no longer felt. The chance of securing an accumulated wheat surplus of four years in the southern hemisphere through the release of shipping formerly reserved for the transportation of troops and supplies, and through the possible release of the merchant marine of the Central Powers, together with the enormous acreage and condition of the winter wheat crop, entirely changed the situation. It was now felt that as far as wheat was concerned one of the chief difficulties would be in carrying out the Government wheat contract with growers for $2.26 per bushel for the 1919 crop, which now appeared likely to exceed 1,000,000,000 bushels.

Furthermore there was an acute feed shortage both in the United States and throughout the countries of Europe, and it no longer seemed advisable to encourage the consumption of the coarse grains as food in place of wheat.

Farmers had now become accustomed to the Government guaranteed price of wheat and they realized that they not only had nothing to gain by holding their grain, but that by so doing they would lose interest, storage expense and shrinkage, with no corresponding advantage. Accordingly it was their universal desire to sell their wheat as quickly as possible, and thus to secure immediately the maximum return permitted. The result was an unprecedented movement of wheat to market, which soon filled all available storage space, and congested all terminals, so that the Government was unable to take all wheat as fast as it was being offered.

In view of these conditions it was deemed advisable to repeal the wheat substitute regulations entirely, as well

as all rules contingent upon them, and this was done November 12th. Soon afterwards the rules relative to a minimum wheat extraction, as well as all other rules, were also repealed. In order to relieve congestion in the elevators and warehouses, both jobbers and retailers were soon allowed to carry supplies for 90 days, and all rules limiting the quantity of flour to be sold were rescinded.

The repeal of the substitute regulations found many millers and dealers with substitutes on their hands which had been purchased in excess of their normal requirements in order to comply with this rule, and for which the demand immediately fell off. In order to avoid the waste of these products the Grain Corporation arranged to relieve such millers and dealers of some of their surplus stocks of the required substitute cereals and a considerable quantity of these products was thus taken off the market and exported to Europe.

Many dealers also found themselves liberally stocked with certain flours on the optional substitute list for which the Grain Corporation up to January first had been unable to find a market in Europe. Probably the demand for such products will eventually reassert itself, and they will be used in the ordinary course of trade. The material advance in the price of corn which has taken place since the signing of the Armistice will no doubt ultimately result in conditions which will permit the sale of all existing stocks of substitute cereals without entailing too great a loss on the dealer.

The exact date of the repeal of other rules and regulations of the Food Administration is not material for the purpose of this review. The members of the staff of the Food Administration while unanimous in the view that the arbitrary control of food distribution was necessary under the grave national peril which we have

just passed through, were also agreed that the continuation of this control would be actually harmful to the public interests in normal peace times, and it was the desire of all to see the trade return to normal conditions as soon as possible. It is believed that some reforms which have been effected in the methods of distribution will be continued by the trades voluntarily after the war. It is the policy of the Food Administration to withdraw all special regulations just as rapidly as it appeared safe to do so. By January 1st, 1919, the only important regulations affecting the wholesale and retail food trades still in effect were the maximum margins and the anti-hoarding regulations.

On January 10th, 1919, the President signed a proclamation canceling all license restrictions on the majority of products handled by the wholesale and retail grocers. Among the few important products still remaining under license in the hands of the distributor were, fresh meats, fats, vegetable and animal oils, grains, butter, cheese, eggs and sugar. This proclamation was released for the press January 12th. Special emphasis was laid upon the point that while the cancellation of the licenses carried with it the cancellation of the license regulations, the Food Control Act was still in full force and effect, and that no excessive profits, hoarding or other wrongful acts forbidden by statute would be allowed.

This proclamation virtually closed the work of the Distribution Division. In summing up the records of achievements of the Food Administration in the control of the Food Trades, it should be borne in mind that at no time was it claimed that food control could give the people low prices in times of war. Many economic causes worked towards high prices for all food products. In fact practically everything entering into

the cost of food stuffs advanced in price two or three hundred per cent. and in most cases the advances in the cost of material and labor even preceded the advance in food stuffs.

When prices of all commodities advance together, it is perhaps a misnomer to say that high prices prevail. The value of certain commodities as exchanged with labor or with any other commodities may remain fairly constant, while their value when measured in terms of a single commodity — gold — may show a change in relationship entirely out of proportion to the change in their relative values among themselves. In war times, therefore, there is a constant change in the relationship of commodities as a whole as compared to the value of the single commodity — gold. In such cases it is just as proper to state that gold is cheap when measured in terms of commodities, as that commodities are high when measured in terms of gold.

During the period of the great war we found that not only had the production of commodities been greatly interfered with by the turning of many millions of men to fighting, but that in this warfare vast quantities of commodities were constantly being burned up and wasted in a way which carried them entirely out of the channels of further production. On the other hand, the Governments of the warring nations released billions in gold from their war chests, and private hoards of gold were turned into the channels of trade, for the purpose of securing necessary supplies, or for buying Government bonds. The increase of Government paper money and bank notes rendered gold less needed as a circulating medium, and especially the habits of economy and thrift forced on all by the war, almost stopped the use of gold in the making of expensive ornaments or other useless decorations.

It is evident therefore, that the vast increase in the available supply of gold, coupled with the enormous destruction of commodities in the war itself, resulted in a condition of exchange value between the two in favor of commodities, which no law or regulations could have averted. An attempt to arbitrarily hold down the price of food stuffs with everything else advancing would only have served to discourage production to such an extent that the war would undoubtedly have been lost.

The Food Administration undertook to prevent excessive profits, hoarding and unfair practices generally, which was all that the law contemplated, and its success in this direction is beyond all question of doubt.

At the present writing, a large portion of Europe lies prostrate and famine stricken. The peoples of the Central Powers, and especially those of Russia and of the territory formerly occupied by the Teutonic armies, are actually enduring more acute food shortage in all the larger cities, and actual starvation, especially among the poorer classes, is rampant. It seems almost inevitable that before another harvest millions must die of starvation and from other diseases induced by undernourishment. The situation is far from reassuring. Possibly much fighting will still be necessary to establish stable governments in Russia and in other parts of Europe. Dissensions important in character are beginning to break out among the lesser allies. Our duty to the world is only half performed. All of the blood and suffering in the great world's war will have been spent in vain if it proves impossible to reëstablish stable governments in Europe. A stable government cannot be maintained with a starving and hopeless population. Some means must be found of relieving the famine conditions prevailing, and of giving

hope again to the peoples of the defeated nations, in order that economic and political stability may be re-established.

The European peoples must, therefore, be given sufficient food for their immediate physical requirements. No possible good can come to the world in inflicting peace terms on the defeated nations that will keep them hopeless and in perpetual servitude. Such a situation would only result in permitting the cancer of anarchy continually to eat at the very vitals of modern civilization. Now is the time to restore peace and happiness where possible, not to engross one's self in petty plans for empty vengeance.

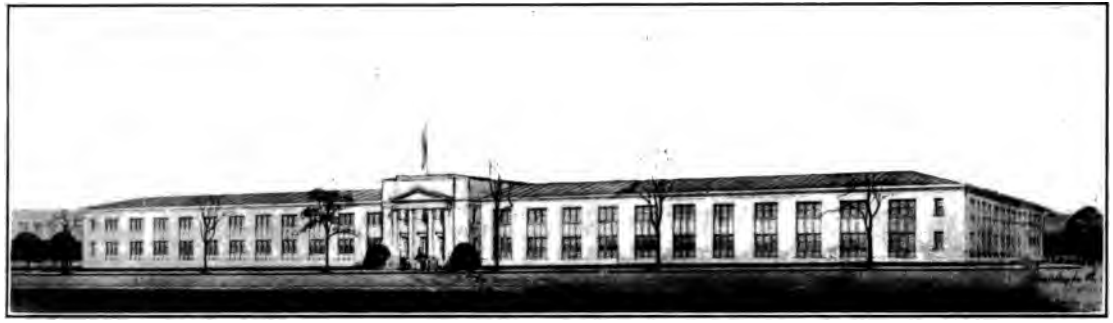
With the signing of the Armistice the American people lost one of the principal incentives for conservation. They have been taught a considerable measure of self-denial which was practiced as long as they felt that the lives of our boys in France depended directly on the amount of sacrifice at home. But there is some doubt as to whether they will actually eat less in order to relieve the famine conditions among their former enemies. Without doubt habits of thrift and the avoidance of waste which have been taught by the war will continue for some time, but real self-denial in food other than that imposed by economic necessity seems to be practically a thing of the past.

There is not enough food to last the world till another harvest. In case all the available supply is equitably distributed, perhaps real starvation can be avoided. The operation of the law of supply and demand itself works out a sort of forced conservation of those articles of which there is a shortage, and perhaps the best solution is to allow it to have free sway, and the self-interest of individuals will perhaps cause a quick readjustment of prices and distributive conditions, which will

not only serve to effect the necessary conservation, but will afford the peoples of devastated Europe the earliest opportunity to help themselves, where they are able to do so, so that the work of the American Commission for the Relief of Europe will be largely directed to rendering assistance to those peoples who are so wholly prostrate as to be in no condition to help themselves.

The writer believes that true patriotism will shine as brightly in peace as in war, and that the era when the sole controlling factor in the conduct of business was the hope of private gain is gone forever. It is his belief that if the business men of this country are given the chance to do so they will quickly readjust themselves to the needs of the world at this great crisis, and that private initiative will quickly find a way to cooperate with Mr. Hoover and with the American Commission for the Relief of Europe in order to bring the necessary food to Europe's starving millions.

It is hoped that it will soon be possible to remove the remaining measures of war time control of foods, and that the export embargo, and the trading with the enemy restrictions, may be modified at an early date, so that all who can help themselves may be permitted to do so, and in the end it may be said that food from America not only won the war, but that it also made the fruits of victory permanent through the quick relief offered to Europe in this hour of the world's greatest need.



UNITED STATES FOOD ADMINISTRATION BUILDING

DANA TARBELL ACKERLY

Dana Tarbell Ackerly was born in Pennsylvania, August 15th, 1880.

He received the degree of B.A. in Williams College, in 1901, and of LL.B. in Harvard University Law School, in 1904, and is a member of the Phi Beta Kappa.

He early entered the practice of law with the firm of Breed, Abbott & Morgan, of New York City, which firm acted as counsel for the National Wholesale Grocers' Association from the beginning of its history. Mr. Ackerly has proved extremely valuable to that organization and his counsel was at all times relied upon in the many difficult and perplexing problems which were presented for solution.

He is President of the Cadiz Gas Company, and Vice President of the Octo Oil Company, and is a member of the Bankers Club of America, the Harvard Club of the City of New York, the Association of the Bar of the City of New York, and of the Chevy Chase Club of Washington.

He is also a National Councillor of the Chamber of Commerce of the United States.

Mr. Ackerly served as chief of the Wholesale Section of the Distribution Division from June 28th, 1917, to April, 1918, when on account of ill health he was compelled to relinquish his work for a time. Unfortunately his recovery was not sufficiently rapid to permit him to resume his duties during the life of the Food Administration. His sane counsel and patriotic efforts in the early history of the Food Administration were invaluable in helping to organize and establish the Distribution Division along the proper lines.

His business address is 32 Liberty St., New York City.

WALTER F. BLAKE

Walter F. Blake was born in Brooklyn, New York, October 19th, 1865. He early entered the business of dealing in green coffee, and is a member of the firm of Williams, Russell & Company, 101 Front Street, New York City.

He came to Washington June 25th, 1918, and served with Mr. Lawrence in the Coffee Section till the close of the work of the Food Administration.

He is a member of the New York Club, the Brooklyn Club, the Greenwich Country Club, and the Hamilton Club of Brooklyn.

He resides at 30 East 58th Street, New York City.

ROLAND WILLIAM BOYDEN

Roland William Boyden was born at Beverly, Mass., October 18th, 1863. He graduated from Harvard College, receiving the degree of A.B. in 1885, and from Harvard Law School in 1888, receiving the degree of LL.B. He practiced law with the firm of Ropes Gray, Boyden & Perkins, Boston, Mass.

He is president of the Beverly Savings Bank, Beverly, Massachusetts, Director of the First National Bank, of Boston, of the Beverly National Bank of the Quincy Market Cold Storage & Warehouse Company, of the Eastern Manufacturing Company, Bangor, Maine, and of the Clinton Wire Cloth Company, Boston.

He came to Washington November, 1917, to take charge of enforcement cases for the Distribution Division. This work soon assumed such great importance that the Enforcement Division was founded, of which he was the head.

As "Hoover's Hangman" he became the most popular executioner in the United States, and even those who were required to pay the penalty for misdeeds, acknowledged the fairness which at all times characterized the activity of this branch of the Food Administration.

He is a member of the Bar Association of Boston, and of the Harvard, Exchange and Home Clubs of that city.

His business address is 60 State Street, Boston, and his home address 12 Washington Street, Beverly, Massachusetts.

MAX A. CHRISTOPHER

Max A. Christopher was born at Warrensburg, Missouri, in 1878. He received a business education and entered the employment of Aultman & Taylor Machinery Company, of Kansas City, in 1898, remaining with that company five years. In 1904, he purchased an interest in the Warrensburg Wholesale Grocery Company of Warrensburg, Missouri, and became Secretary of the Company. In 1908 he organized and became President and manager of the Christopher-Thurber Grocery Company of Trenton, Missouri. A few years later he organized another grocery company under the name of the Jennings-Christopher Grocery Company of Centerville, Iowa, also becoming President of this company.

He became associated with Mr. McCoy in the Report Section March 1, 1918, and continued in the work of examining reports till the jobbers' reports were discontinued in July of the same year. He then entered the Field Supervision work, and rendered valuable service in that connection.

He is a member of the Riverside Country Club and the Elks' Club, both of Trenton, Missouri. He resides at 1620 Linwood Boulevard, Kansas City, Missouri.

OMAR H. CHEER

Omar H. Cheer was born at Williamstown, Massachusetts, in 1872. He became connected with Siegel, Cooper & Company of New York City, as grocery salesman, in 1899. He later became manager of the grocery department of the 14th Street Store of New York City, and in 1913, became Treasurer and Manager of McCann & Company, Inc., Pittsburgh Pa., one of the largest and best equipped retail food markets in the country.

He became associated with the Retail Section of the Distribution Division in July, 1918, and took part in the work of establishing permissible retailers' profits in butter, eggs, cheese and oleomargarine, remaining with the Food Administration till after the signing of the Armistice.

His permanent address is 415 Market Street, Pittsburgh, Pa.

WALTER ELLSWORTH COE

Walter Ellsworth Coe was born at Meriden, Conn., in 1870. He graduated from Yale in 1892, later studying law at the same institution, completing his law course in 1902.

He engaged in the pork packing and provision business from 1892-1902, after which time he practiced law.

He became associated with Mr. Lichty in the Retail Section, November 6th, 1918, and remained till January 1st, 1919.

He resides at Stamford, Connecticut, his business address being 165 Broadway, New York City.

SCOTT F. EVANS

Scott F. Evans was born in Ohio, in 1874. He graduated from the University of Minnesota Law School in 1897, and soon thereafter entered into the engineering and contracting business, making a specialty of milling engineering. For the past ten years he has erected many large mills for milling corn and other cereal products throughout the West and Northwest.

He is manager of the Baltimore Pearl Hominy Company, and was Chairman of the committee of the National Association of Corn Millers, appointed to represent that industry at Washington.

In October, 1917, he was called by Mr. Hoover to take charge of the Corn and Oats Section of the Distribution Division. As the work of the Division grew, however, it was found necessary to form a separate Coarse Grains Division, and Mr. Evans remained associated with Mr. Stream of that Division until the close of the Food Administration.

He resides at 1217 Cathedral Street, Baltimore, Maryland.

CHARLES HATFIELD

Charles Hatfield was born in Lebanon, Ohio. After finishing the public schools he attended the Ohio State University, during which time he became a member of the Phi Delta Theta.

In 1887 he moved to Colorado and became associated with the Henkel-Duke Mercantile Company, wholesale grocers, acting in the capacity of bookkeeper and road salesman. Four years later he became associated with the Morey Mercantile Company of Denver, Colorado, and later became Department Manager and Buyer for that company, remaining with them eighteen years. In 1915 he bought an interest in the H. A. Marr Grocery Company of Denver and the name was changed to Marr-Hatfield Grocery Company. In 1918 he disposed of his interest in this concern to Mr. Harry Marr and became affiliated with the J. S. Brown Mercantile Company of Denver.

At the request of the Food Administration he came to Washington, February 6th, 1918, for the purpose of assisting in the examination of wholesale grocers' reports. After the discontinuation of these reports in July, 1918, he became attached to the Sugar Distributing Section, acting as Assistant to Mr. Zabriskie. When the latter was made Chief of the Distribution Division in October Mr. Hatfield took charge of this section and continued in that position until the sugar certificate plan was withdrawn December 1st.

His task of handling the section of sugar distribution was one of the most perplexing and arduous of all those which the Food Administration had to handle and he at all times proved himself capable and efficient.

Mr. Hatfield is a member of the Denver Athletic Club, Denver Country Club, and Knights Templar and Shrine of the Masonic Fraternity.

His home address is 1300 Madison Street, Denver, Colorado.

FRANK A. HOEY

Frank A. Hoey was born in 1885 and received his education in the public schools of New York City. After eight years spent with the New York Central R. R. and the American Locomotive Automobile Co., in 1911 he entered the flour business in the employ of Geo. A. Zabriskie. On December 15th, 1917, Mr. Hoey went to Washington as assistant Chief of Flour Distribution for the Food Administration, and later when Mr. Zabriskie was made Head of the Distribution Division, Mr. Hoey's thorough knowledge of the flour situation caused him to be appointed Chief of Flour Distribution.

HERBERT C. HOOVER

Herbert Hoover was born in an Iowa village in 1872. He was of Quaker parentage but lost both his father and mother while still very young and his early years were spent with farming relatives, first in Iowa and subsequently in Oregon, who reared him to the strict tenets of the Quaker doctrines. At fourteen he secured a job as office boy at Salem, Oregon, and earned a living from that time on. Plans were made by Quaker relatives to send him to some small Quaker college, but Hoover rebelled at the thought of the narrow outlook which this afforded, and announced his intention of securing an engineering education at some of the larger educational institutions.

He entered Stanford University in 1891, where he graduated four years later in the department of mining and geology, earning his way through the University. During his senior year he was elected treasurer of the student body, and thus early demonstrated his ability as a business organizer by the thorough and efficient work done in that capacity.

After leaving the University, Hoover worked as a miner for some time to learn the details of mining operations, and then associated himself in a minor capacity with Mr. Louis Janin, a prominent mining engineer of San Francisco. He soon demonstrated his ability and was rapidly advanced, being sent to examine and reorganize mining properties in many Western states.

After remaining with Mr. Janin for some time he was offered a position with a firm in Western Australia, where he remained till 1899, organizing and developing mining properties with success in a most inhospitable and waterless region. In 1899, he accepted the position of Chief Engineer of the Northern Chinese Administration, and spent one year in traveling over various provinces of China, making reports and investigating the mining properties throughout the Empire.

He was caught at Tientsin with his entire staff of native Chinese at the time of the Boxer insurrection in 1900. During the siege of that city his ability as an emergency organizer was most strikingly demonstrated. Throughout these troublesome times in China, Mr. Hoover, at the risk of his own life, frequently intervened to protect innocent Chinese who through this reign of terror were constantly being arrested and summarily executed.

After the Boxer disturbances Mr. Hoover returned to California and was subsequently appointed general manager of a large railway, coal mining and shipping company in China. Again returning to California after a year of service he accepted the technical direction of a large international firm of metallurgical

and mine operators with operations in the United States, Africa, Russia, Asia, Australia and Mexico.

In 1908 Mr. Hoover resigned this association to undertake the direction of a larger group likewise engaged in metallurgical, railway and mining operations in various parts of the world. When the war broke out in 1914, Mr. Hoover happened to be at the London offices of this group. He at once organized the American Relief Committee. By means of pledges of personal credit, this Committee was able to assist some 90,000 stranded Americans in obtaining passage to their native country. When the desperate situation of the Belgians in the territory that had been overrun by the Germans became known, Mr. Hoover converted the American Relief Committee into the Commission for Relief in Belgium.

For nearly three years Mr. Hoover gave his entire time to the directing of the feeding of ten million Belgians and French under German occupation. The Commission grew to complete confidence of all the belligerent governments, and under governmental and charitable support of the British, French and American governments, expended nearly a billion dollars in the purchase, transport and distribution of over five million tons of food — at a cost of less than three-eighths of one per cent. for overhead.

When America entered the war Mr. Hoover added to his other duties as head of the Belgian Relief the office of United States Food Administrator.

From the time of the organization of the Food Administration, Mr. Hoover's career is known to every school boy. His personality, his stern integrity, his humanitarianism entered into and directed his every act. He set himself to organize the food forces of a democracy to fight a war, and to fight it efficiently in a democratic way, and he succeeded.

BIRD W. HOUSUM

Bird W. Housum was born in Ohio in 1860. He started business as a merchandise broker under the name of B. W. Housum & Company in 1885. Five years later, this firm was incorporated under the name of Housum-Grace Company, Mr. Housum becoming President of the corporation, continuing actively in this business till called to the service of the Food Administration.

From 1906 to 1908 he served as President of the Ohio Wholesale Grocers' Association. He is a member of the Union, Tavern, and Cleveland Country Clubs, and of the Advisory Board of the Citizens' Savings & Trust Company of Cleveland. He is a 32nd degree Mason and a member of the Mystic Shrine.

He served with the Distribution Division from October 1st, 1917, to January 15th, 1919, acting as Chief of the Brokers' Section, and as general trade advisor.

His efforts were largely responsible for the enthusiastic support which the brokers gave the Food Administration at all times.

He resides at 2269 Coventry Road, Cleveland, Ohio.

JAMES WRIGHT HUNT

James Wright Hunt was born at Martinsville, Ohio, January, 1868. He attended Wilmington College 1884 to 1887, Johns Hopkins University 1887-9 and was graduated from Harvard Law School 1892.

He entered the general practice of law in Duluth, Minnesota, in which vocation he has continued up to the present time. In August, 1918, he was called to Washington to succeed Mr. R. R Williams as Chief of the Wholesale Grocery Section of the Distribution Division, and notwithstanding his lack of previous experience in problems of Food Administration, he performed his duties with the highest degree of efficiency and proved himself extremely valuable to the Food Administration.

He is a member of the Kitchi Garrison Club, Commercial Club, and the X Club of Duluth, Minnesota, and is an associate member of the Cosmos Club, Washington, D. C.

His permanent address is Duluth, Minnesota.

BENJ. R. JACOBS

Benj. R. Jacobs, technical expert of the Baking Division, has served in the Bureau of Chemistry, Department of Agriculture, as a chemist in charge of the cereal investigation work of that Bureau for eleven years.

In 1914 to 1916 he served as Cereal Technologist for the Canadian Government, and was located at Winnipeg, Manitoba, Canada, doing work in connection with the enforcement of the Grain Standards Act.

His technical knowledge and investigations proved extremely valuable to the Baking Division in its attempt to establish standards for bread, with a view of directing bakers in the production of a wholesome loaf at the lowest possible cost.

Late in the fall of 1918 he left the Food Administration, having obtained a Commission for service in the Army.

L. T. JAQUES

L. T. Jacques was born in Chicago, Illinois, 1878. He received the degrees of PH.B. at Yale, and of LL.B. at the Northwestern University Law School.

He is Vice President of the Jacques Manufacturing Company, manufacturers of the K C Baking Powder.

He came to the Food Administration in August, 1918, and was associated with the Retail Section, assuming charge of price publication.

He is a member of the Chicago Athletic Club, Glen View Golf, University, South Shore Country Club, Chicago Yacht Club, and the Yale Club of New York City. He is a member of the Order of the Coif at the Northwestern University, and resides at 6134 Kenmore Avenue, Chicago, Illinois.

PARKER JONES

Parker Jones was born in 1877. He graduated with the Degree of B.A. from Tufts College, and later graduated from George Washington University Law School, with the degree of LL.B.

In April, 1901, he entered the service of the Department of State in the Bureau of Trade Relations and the Bureau of Citizenship, where he continued until 1908, when he was transferred to the office of the Solicitor, Department of Agriculture.

In the fall of 1911 he became first Assistant Solicitor, and in August, 1915, was appointed Assistant Chief of the Bureau of Chemistry, where he remained until January 1st, 1917, at which time he resigned and took up the practice of law in Washington, D. C., specializing on food control.

He became associated with the Distribution Division and took charge of the Complaint Section November, 1917, and on the organization of the Enforcement Division he continued with the Food Administration under Mr. Boyden.

His business address is 801 Union Trust Building, Washington, D. C.

HENRY J. LAHEY

Henry J. Lahey was born in New York City.

He early entered the employment of Francis H. Leggett & Company, and has been associated with that Company for the past ten years. Throughout the entire history of the Food Administration he acted as assistant to Mr. T. F. Whitmarsh, at all times seconding the strenuous activity of his Chief by faithful, consistent and efficient work.

His permanent address is care of Francis H. Leggett & Company, New York City.

MAURICE E. LANDAUER

Maurice E. Landauer was born in Baltimore, Maryland, February, 1886.

He is a graduate of the Baltimore City College and is Secretary-Treasurer of Harrison-Landauer, Inc., Baltimore, general advertising agents and commercial illustrators.

He acted as assistant to Mr. Scott B. Evans of the Corn and Oats Section of the Distribution Division, later affiliating himself with the Coarse Grains Division under Mr. Stream.

He resides at 3210 Walbrook Avenue, Baltimore, Maryland.

GEORGE W. LAWRENCE, CHIEF

George W. Lawrence is a native of Prairie du Chien, Wisconsin.

In 1872 he became connected with J. W. Doane & Company, coffee merchants of Chicago, and remained with them nineteen years, working up from office boy to Assistant Manager.

In 1891 he founded the concern of the Wisconsin Refrigerator Company, of Eau Claire, Wisconsin, which he operated for four years. He then returned to the coffee business and was a partner in the firm of Winchester, Lawrence & Company of Chicago and New York, and later of Lawrence, Brown & Company of New York City. Some time later he entered the coffee commission business under the trade name of George W. Lawrence & Company of New York City, representing a number of foreign exporting companies.

He became president of the New York Coffee and Sugar Exchange in 1917 and was acting in that capacity when he was called to Washington to take charge of the Coffee Division. Mr. Lawrence remained in this capacity until the close of the Food Administration activity.

He is a member of the Down Town Association of New York City, the New York Athletic Club, the Hamilton Club of Brooklyn, New York and the Chicago Yacht Clubs.

His home address is Pelham Manor, New York City.

HENRY THEODORE LEGGETT

Henry Theodore Leggett is the only son of the late Theodore Leggett of New York City, who with his brother Francis H. Leggett in 1870 founded the well known wholesale grocery firm of Francis H. Leggett & Company, New York City.

Mr. Leggett did not enter actively into business, but studied painting at the Art Students' League, New York City, Julien's in Paris, and with E. Cook, pupil of Ruskin, in London. His paintings were exhibited in New York at the National Academy of Design and Society of American Artists.

He is a charter member of the New York Stage Society, and of the Work Shop Theatre of New York. He is a director in the Building of Arts, Bar Harbor, Maine, and is a member of the Union League Club of New York, the Travellers' Club in Paris, and the Society of Arts and Sciences of New York City.

He came to Washington August 20, 1917, as a volunteer for the Food Administration, remaining till the close of its work, and proved of invaluable assistance to his cousin, Theodore F. Whitmarsh, Head of the Distribution Division.

His permanent address is 39 W. 55th St., New York City.

J. R. LEGUENEC

J. R. Leguenec was born in Abbeville, Louisiana, in 1870. After graduating from the Commercial College of Kentucky University, Lexington, Kentucky, he was at the age of 24 elected mayor of Abbeville, and was subsequently reëlected and served ten years.

Later he entered the employment of the United States Department of Agriculture, in the Bureau of Statistics under Mr. Victor H. Olmsted, and served as States Statistical Agent, making estimates of all the crops grown in Louisiana. In 1909 he resigned from this position to become the Secretary of the Rice Millers' Association with headquarters at Beaumont, Texas, where he now resides.

For the rice industry he has built up a system of reports of production, receipts and distribution, which show the movement of the crops from the farmer to the manufacturer and from the manufacturer to the distributor and are recognized as the most authentic data obtainable.

From the time he began the work for the Rice Millers' Association the production has increased over 40 per cent., and without doubt his personal efforts have had something to do with this increase.

Mr. Leguenec came to Washington and assumed charge of the Rice Section of the Distribution Division in August, 1917, and continued till the close of the Food Administration activity. As he possessed a most intimate personal knowledge of every phase of the rice industry his services proved most invaluable. He is a member of the Beaumont Country Club, Beaumont Elks Club, and of the American Statistical Association of Boston. He resides at Beaumont, Texas.

GEORGE E. LICHTY

George E. Lichty was born in Lavansville, Somerset County, Pennsylvania, July 21, 1857, the son of John H. and Mary A. Lichty, his mother dying when he was ten years of age. During the years 1868 and 1869, on account of the ill health of his father, he lived with an uncle in Pennsylvania, attending district school four months each year. In the spring of 1870 with his father, he moved to Waterloo, Iowa, where during the summers of 1870 and 1871 he worked on a farm, going to school during the winter months.

Early in 1872, and for two years, he was errand boy in a clothing store. During a part of this time he attended night school three nights each week. Following that, for five years he was employed, first as delivery boy and later as a clerk in a retail grocery.

In October of 1879, he went into the retail grocery business, continuing until December 1st, 1889. Early in 1890 he, with E. B. Smith and B. S. Hillman, organized the wholesale grocery company of Smith, Lichty & Hillman Co., Waterloo, Iowa. He traveled for ten years as a salesman selling groceries for this institution. He was elected President of the Company in 1903.

He is at this time President of the Black Hawk Coffee and Spice Company; President of the Waterloo Canning Company; President of the Waterloo Warehouse and Storage Company; Vice President of The Commercial National Bank, all of Waterloo, Iowa; and Vice President of the Vinton Canning Company, Vinton, Iowa.

He served as the fifth President of the National Wholesale Grocers' Association from June, 1912, to June, 1913.

In September, 1917, Mr. Lichty at the earnest solicitation of Mr. Hoover and Mr. Whitmarsh was called to Washington to act as Chief of the Retail Section of the Distribution Division. He at once volunteered his services to the Government and has served continuously in that capacity.

He resides at 403 Franklin Street, Waterloo, Iowa. His business address is 119 East Park Avenue, Waterloo, Iowa. In 1881 he married Annie M. Derrick, of Waterloo. One of his boys, Robert J. Lichty, served in the United States Army.

Mr. Lichty's practical knowledge and experience, coupled with his enthusiastic patriotism, was largely responsible for the close coöperation which the retail trade of America so willingly gave the Food Administration.

CHARLES LESTER McCOY

Charles Lester McCoy was born at Peoria, Illinois, in 1877. He graduated from Princeton University in 1898, receiving the degree of A.B. After studying law two years, he entered active business with the wholesale grocery firm of The James-McCoy Company, founded in 1870, Peoria, Illinois, working up to the position of Vice President.

He came to Washington in December, 1917, and remained till January 20, 1919. He was associated with the Distribution Division as Chief of the Report Section and finally, together with Mr. J. W. Gould, effected a complete reorganization of the license report system. He acted as Chief of the Baking Section, and member of the Rules Committee. His judgment could be relied on at all times as both sound and conservative. He is a member of the Peoria Country Club, and his permanent address is care of The James-McCoy Company, Peoria, Illinois.

HENRY STEPHENS MAC PHERSON

Henry Stephens MacPherson was born at Malden, Massachusetts, in 1868. He is a graduate of Harvard College and of Harvard Law School, and practiced law at Boston, Massachusetts.

He came to Washington March 12th, 1918, and was associated with Mr. Boyden in the Enforcement Division.

He is a member of the Harvard Club of Boston, Massachusetts, where he resides.

ALBERT N. MERRITT

Albert N. Merritt is a native of Illinois. When eight years of age he lost his father in an accident, and was thus thrown on his own resources, which resulted in his operating a fruit farm in northern Illinois at the age of fifteen.

He received the degrees of A.B. Battle Creek College, Michigan, 1899: A.B. Leland Stanford University, California, Department of Latin, 1901: A.M. University of Chicago, 1904; PH.D., Political Economy and Political Science, University of Chicago, 1906: LL.B. Chicago Law School, and was admitted to the Illinois State Bar in 1911.

Unable to overcome the thirst for adventure, in 1901 he shipped from San Francisco on a French bark bound around the "Horn" for Europe, and for one year as a seaman on various sailing ships visited many parts of the world and saw some of its rough edges.

While at the University of Chicago, he took part in three intercollegiate debates, representing that institution against Northwestern, Minnesota, and the University of Michigan. In addition to a number of cash prizes and a gold medal for debating, the University gave him two annual scholarships, and finally a fellowship, in the Department of Political Economy. For two years he served as President of the Political Economy Club of the University.

His doctor's thesis, "Federal Regulation of Railway Rates," published by Houghton Mifflin & Company, was awarded the first prize of $1000 offered by Hart, Schaffner & Marx for the best annual essay on the subject of Practical Economics, in 1906.

The same year he became professor of Political Economy and History in Knox College, Galesburg, Illinois. He soon left this position to become the Secretary-Treasurer of the Wholesale Grocers' Exchange of Chicago, which position he has held since. He is organizer and manager of the Foods Trades Credit Association of Chicago, and was Secretary-Treasurer and Associate Manager of the Joint National Committee on Canned Foods Week for 1913.

Mr. Merritt came to Washington early in October, 1917, at the request of Messrs. Whitmarsh, Ackerly and Lichty. He had charge of the publicity work for the Distribution Division, including dealers' pledges, and of the coöperating activities of wholesale grocers' salesmen. It was also his function to see that the various state and local wholesale grocers' association were kept in constant touch with Food Administration activity, and informed of important changes in the regulations. In August, 1918, he became correspondence censor for the Distribution Division, and served till the first of February, 1919.

He resides at 1443 East 60th Street, Chicago, Illinois.

FRANK HOPKINS MILLARD

Frank Hopkins Millard was born at Milwaukee, Wisconsin, in 1863. He is Director and Western Sales Manager of the Diamond Crystal Salt Company of St. Clair, Michigan.

He came to Washington November 8th, 1917, and remained with the Distribution Division until after the signing of the Armistice. He served as Chief of the Section dealing with manufacturers of all proprietary food products and also had charge of the Commercial Conservation Section of the Distribution Division. During the entire period of his service, he was almost constantly in session with committees of manufacturers, wholesale grocers and others, devising means for saving man power and material, especially tin plate, and the loyal coöperation given by all three interests proved a distinct factor in releasing men and necessary materials for direct war service.

He is a member of the Illinois Athletic Club of Chicago, serving as President from 1914 to 1915. He is also a member of the South Shore Country Club and of the Flossmoor Country Club of that city.

He resides at the Illinois Athletic Club, Chicago.

LOUIS HORACE SAWYER

Louis Horace Sawyer was born at Boston, Massachusetts, in 1892. He graduated from the Boston University Law School, receiving the degree of LL.B. in 1912. He was admitted to the Massachusetts State Bar and practiced law in Boston, being associated with the firm of Dana B. Gove & Sons.

He is a member of the Knights of Pythias and of the Press Club of Boston.

He came to Washington in December, 1917, and was employed in investigating complaints of violations of the law, for the Distribution Division, till May, 1918, when he was transferred to the Enforcement Division.

He resides at 90 Fuller Street, Brookline, Massachusetts.

HARRY DEAN TIPTON

Harry Dean Tipton was born at Heresford, England, 1875. He attended St. Michaels School and College, at Tenbury, England, and came to this country in 1892, becoming an American citizen in 1898.

He entered Wesleyan University, at Salina, Kansas, and after graduating he entered the employment of Westermann, Trader & Company, Certified Public Accountants, making a specialty of Bakery accounting. He assisted in the organization and consolidation of the American Bakery Company, St. Louis; the Consumers' Bread Company, Kansas City, Missouri, and the Shults Bread Company, of New York City. He is now a director of the latter company.

He came to Washington in January, 1918, and continued as Trade Advisor to the Chief of the Baking Section.

He is a member of the Crescent Athletic Club of Brooklyn, Canadian Club of New York City, Elks Lodge and Scottish Rite Masons of Kansas City, Missouri.

His permanent address is 26 Beaver Street, New York City.

FRANK SEDGWICK TRACY

Frank Sedgwick Tracy was born at Syracuse, New York, in 1879. He attended Cornell University, receiving the degree of B.S. in 1900. After graduating he immediately entered employment as traveling salesman for O. V. Tracy & Company, wholesale grocers, of Syracuse. He gradually worked up till he became Vice President and Director of the Corporation, which position he holds at the present time.

He came to Washington in February, 1918, and continued with the Food Administration till July 1, 1918, being associated with Mr. McCoy in the Report Section, examining monthly reports of jobbers and brokers.

He is a member of the Century Club, the Onondaga Golf and Country Club, the Citizens Club, the Automobile Club, and the Cornell Club, all of Syracuse.

He resides at 105 Sedgwick Drive, Syracuse, N. Y.

HARRY FEARN VORIES

Harry Fearn Vories was born in St. Joseph, Missouri, in 1856. He entered active business with F. L. Sommer & Company, in 1876. He became Secretary of the Huggins Cracker & Candy Company of Kansas City, in 1882, and of the American Biscuit & Manufacturing Company of Chicago, in 1890. In 1898 he was elected First Vice President of the National Biscuit Company, which position he held until 1906. At the present time he is Director of the Iten Biscuit Company, of Nebraska; the Vories Baking Company, of New Orleans; the Shelby Biscuit Company, of Memphis; the Grant Baking Company, of Chicago; and the Van Camp Packing Company, of Indianapolis, Indiana.

He took charge of the Cracker Section for the Baking Division in January, 1918, and remained with the Food Administration one year.

He is a member of the Illinois Athletic Club, of Chicago, the Flossmoor Country Club, of that city, and the Columbia Country Club, of Washington, D. C.

He resides at 1109 East 83rd Street, Chicago, Illinois.

His oldest son served in the Spanish War and a younger son saw active service in France.

RICHARD RICHARDSON WILLIAMS, JR.

Richard Richardson Williams, Jr., was born at Canajoharie, New York, September 9th, 1882. He finished the course at the Brooklyn Polytechnic Institute in 1900, and graduated from Williams College, 1904.

After leaving college he entered the firm of Bear, Morgan & Co., bankers, New York City, which firm is now known as Kidder, Peabody & Company. He is manager of the Foreign Exchange Department of that company.

In October, 1917, he was called for service in the Food Administration, and for some time acted as general assistant to Mr. Whitmarsh and Mr. Ackerly. The readiness with which he grasped distributive problems soon made it possible to entrust to him greater responsibilities, and after Mr. Ackerly's retirement owing to ill health in April, 1918, Mr. Williams was made head of the wholesale section of the Distribution Division.

It was with the greatest regret that the other members of the division saw his departure on August 27th, 1918, for active service in the United States Army, but Mr. Williams' patriotic fervor was such as not to be denied, and the early termination of the war alone prevented his service in France.

His business address is 17 Wall St., New York City.

THEODORE FRANCIS WHITMARSH

Theodore Francis Whitmarsh, Vice President and Treasurer of Francis H. Leggett & Company, was born in Brooklyn, N. Y., November 6th, 1869, the son of Henry C. and Caroline H. (Leggett) Whitmarsh.

After a common school education he began his business career in 1886 with his uncle, the late Francis H. Leggett, and working his way through the various departments was admitted to membership in the firm in 1896, becoming its Vice President and Treasurer when the firm was incorporated in 1902. On the death of Mr. Leggett in 1909 he assumed the active management of the business.

Besides this connection he is President and Treasurer of the Seacoast Canning Company and Treasurer of the American Can Company of Maine. He is a Director of the Irving National Bank and the Irving Trust Company, of the Famous Players Lasky Company, a Trustee of the Greenwich Savings Bank and a director of the United States Chamber of Commerce. He is also a past President of the National Wholesale Grocers' Association of the United States, in which capacity he served for three years, ending in June, 1918.

He is a member of the Blue Lodge, Chapter, Commandery and Shrine of the Masonic Order; member of the Metropolitan, Union League, Metropolitan Opera, Sleepy Hollow, New York Athletic, Knollwood, Percy Summer; the Chamber of Commerce of the United States, the Chamber of Commerce of New York State, the New York Genealogical Society, Museum of Art, the American Museum of Natural History, and of the Chevy Chase and Metropolitan Clubs of Washington.

Mr. Whitmarsh served as head of the Distribution Division until the appointment of Mr. George A. Zabriskie to succeed him early in October, 1918. He also acted as assistant to Mr. Hoover and served on a large number of committees and boards for the purpose of co-relating the policies of all divisions of the Food Administration.

Mr. Whitmarsh was a representative of the Food Administration on the War Industries Board, and served on the Priorities Committee, the "Requirements" Committee, the Belgian Relief Committee, the Industrial Adjustment Committee, the Capital Issues Committee, and as Vice President, Treasurer and Director of the Sugar Equalization Board. He was one of a joint committee of four to coördinate the work of the Bureau of Chemistry, Department of Agriculture, with that of the Food Administration.

After Mr. Hoover's departure for Europe in November, 1918, Mr. Whitmarsh acted in his stead as chairman of the Committee for European Food Relief, and as alternate chairman of the Ex-

ecutive Committee controlling the affairs of the Food Administration during Mr. Hoover's absence, also as Acting Food Administrator after January 10th.

He married Lillian A. Smith of New York City, and has three children, Lieutenant Francis L. Whitmarsh, Lieutenant Karl R. Whitmarsh and Katharine Whitmarsh. Lieutenant Francis L. Whitmarsh saw active service in France and was seriously gassed. but his complete recovery is now indicated. Miss Whitmarsh for the period of the war was engaged in Red Cross work.

Mr. Whitmarsh resides at 339 West 77th Street, New York City: his business address being 27th Street and 13th Avenue, New York, and he has a Summer Camp at Percy, Coos County, New Hampshire.

CLEMENT R. WINSLOW

Clement R. Winslow was born at Taylors Falls, Minnesota, August 18th, 1877, and is a graduate of the High School of Minneapolis, and attended the University of the Pacific, San Jose, California.

In 1898 he became associated with Nash Brothers, wholesale grocers, of Grand Forks, North Dakota. Since that time he has been an executive officer and organizer of what is known as the Nash Organization of wholesale grocers, which comprises about 75 wholesale grocery concerns throughout the West and Northwest.

On November 1st, 1917, he came to Washington at the request of Mr. George Lichty, and throughout the history of the Food Administration was actively connected with the Retail Distribution Section. To Mr. Winslow belongs a major portion of the credit for the organization of the work of price publication, and of the establishment of maximum margins for retailers.

He remained with the Food Administration until December 10th, 1918. His home address is Minneapolis, Minnesota.

TRELL W. YOCUM

Trell W. Yocum was born in Mechanicsburg, Ohio, in 1893. After graduating from the Ohio State University, he became associated with the Lawrence Publishing Company, which position he held until July, 1917. He is a magazine writer of considerable reputation and has contributed many articles to various weekly and monthly publications.

He entered the service of the Food Administration in July, 1917, under Ben S. Allen, Director of the Educational Division, and was later especially delegated to coöperate with Mr. Walsh and Mr. Merritt in the General Publicity Work of the Distribution Division.

In March, 1918, he was appointed to succeed James H. Collins as chief of the Trade and Technical Press Section, which position he held until the close of the Food Administration activity.

He is a member of the Phi Delta Theta Fraternity, the Cleveland Yacht Club, the Cleveland City Club and the National Press Club.

He is author of the book "Along Homely Byways."

His permanent address is 1011 Oregon Avenue N. E., Cleveland, Ohio.

GEORGE A. ZABRISKIE

George A. Zabriskie was born in New York City in 1868. He entered the flour business as an employee of the New York office of the Pillsbury Flour Mills Company as early as 1883. A few years later he assumed the management of the business, and finally took over the business as his own, building up one of the largest flour distributing organizations in the world.

His business ability, coupled with a most intimate knowledge of the flour distribution business, rendered his services necessary to the Food Administration during the trying times of the winter of 1917-18 and the months that followed. As Flour Administrator his patriotic zeal and high executive ability contributed as much as any single factor to the successful operation of the "fifty-fifty" rule, and when, in the early summer of 1918, the sugar situation became serious, Mr. Zabriskie was selected to be Sugar Administrator, in which capacity he served till he was made Chief of the Distribution Division to succeed Mr. Whitmarsh early in October. Upon the formation of the Sugar Equalization Board he was elected a Director and later was made President of that board, succeeding Mr. George Rolph, who resigned by reason of illness. Mr. Zabriskie has remained at the head of this board.

Mr. Zabriskie has been connected with a great many important business activities in various parts of the world, and has not only won success, but has built for himself a most enviable reputation for fair and honest business dealing. He is a member of a large number of clubs and organizations among which are:—The New York Produce Exchange, The United States Chamber of Commerce, The Merchants Association of New York, The New York Board of Trade and Transportation, The India House, The Englewood Country Club, The Knickerbocker Country Club, The New York Athletic Club, The Holland Society, The Salmagundi Club, The Horticultural Society, The American Geographical Society, The American Jersey Cattle Club, The Sons of the Revolution, The Old Colony Club, etc., serving upon many of their important committees.

In addition to his business activities, Mr. Zabriskie makes painting one of his private hobbies, and in art circles he is well known, some of his paintings being meritorious. He is also a fancier of blooded live stock, and for a number of years has exhibited in live stock shows throughout the East, his cattle, hogs, and chickens winning first prizes in many of these contests.

He resides at 222 Central Park, South, New York City, his summer home being at Alpine, New Jersey.

GEORGE A. CHAPMAN

George A. Chapman became associated with the Distrib Division in charge of feeding stuffs. He was later transferr the Coarse Grains Division, and served from March until De ber, 1918.

For twelve years he has been manager of the Animal Branch of the Quaker Oats Company, and for five years has President of the American Feed Manufacturers' Association. resides at Oak Park, Illinois.

HUNTLY M. CHILD

Huntly M. Child is manager of the Yellowstone Park I Company, and of the Yellowstone Park Transportation Com

He entered the Baking Section in October, 1917, and rend valuable service in connection with the important work har by this Division during the wheat shortage of 1917-18.

JAMES A. FORD

James A. Ford was born at Norwalk, Ohio, August 20th, 18

He is a graduate of the Harvard Law School, and pract law in Cleveland, Ohio.

He became associated with the Distribution Division in De ber, 1917, acting with Mr. Boyden in the Enforcement Sec and was later associated with Mr. Boyden in the Enforce Division.

He is a member of the Union County, the University, and] field Clubs of Cleveland, Ohio.

His business address is Society for Savings Building, Clevel Ohio.

MRS. ALICE CUSHING GARDNER

Mrs. Alice Cushing Gardner was born at Belmont, Ma chusetts. She is a graduate of Radcliffe College.

She became associated with the Distribution Division Decen 10th, 1918, and took charge of answering miscellaneous co spondence.

Associated with one or two others she represented the H Conservation Section of the Distribution Division, which sec had charge of the Food Administration's campaign for sa fruit pits and nut shells for the Gas Defense Service of United States Army.

She resides with her husband at Belmont, Massachusetts.

ALBERTINE HOYT GLENNY

Mrs. Albertine Hoyt Glenny was born in Buffalo, New York. She is a graduate of Miss Parkers' School, Farmington, Connecticut.

She entered the service of the Distribution Division February 18th, 1918, and continued to November 9th, 1918.

She was associated with Mrs. Gardner in answering miscellaneous correspondence and in handling other matters properly belonging to that section of the Division.

She resides at 93 Lancaster Avenue, Buffalo, New York.

DUNCAN McDUFFIE

Duncan McDuffie was born at Jefferson, Iowa, in 1877. He removed to California when ten years of age and later entered the University of California, where he received the degree of B.S. in 1899. In 1900 he entered the office of Taft & Pennover, a leading department store of Oakland, soon working up to the position of Advertising Manager and Credit Man.

In 1905 he entered into the real estate business in Oakland, under the firm name of Mason-McDuffie Company, opening a branch in San Francisco in 1912. He served as President of the City Planning Commission of Berkeley, California, 1915-1917, and joined the staff of the Food Administration in June, 1917. Mr. McDuffie was for a considerable time in charge of the Baking Section of the Distribution Division.

His permanent address is Berkeley, California.

FURMAN T. NUTT, JR.

Furman T. Nutt, Jr., was born in 1869 in Brooklyn, New York.

He was engaged in the green coffee business for some years and for the past six years has been a broker on the New York Coffee and Sugar Exchange.

He came to Washington in June, 1918, and was associated with Mr. Lawrence in the Coffee Section, remaining in active service till after the signing of the Armistice.

He is a member of the Hamilton Club of Brooklyn, and of the Monbank, F. & A. M. also of Brooklyn.

He resides at Hotel St. George, Brooklyn, New York.

MATTHEW PURCELL

Matthew Purcell was born in Baltimore, Maryland, 1864.

For 26 years he was in the grain and milling business of Buffalo, New York, associated with Pratt & Company of that city.

He came to Washington on April 18th, 1918, and served with Mr. Evans and Mr. Stream in the Coarse Grains Division.

His permanent address is Buffalo, New York.

JOHN J. STREAM

John J. Stream was born in Chicago, in 1870. He is a graduate of Lake Forest University in the Department of Law. He early entered the grain business and is at present a partner of the firm of Shaffer & Stream, 234 S. La Salle Street, Chicago, Illinois.

In December, 1917, he was first associated with Mr. Evans in the Distribution Division in the Coarse Grains Section. When this work grew in importance so as to require a separate division Mr. Stream was given charge of this work and remained with the Food Administration until January, 1919.

He is a member of the Union League Club, the Chicago Athletic Club, the Chicago Yacht Club, and the Westmoreland Country Club of Chicago. He is also a member of the Chicago Board of Trade, the Baltimore Chamber of Commerce, the St. Louis Merchants Exchange, the Omaha Board of Trade, and the Memphis Merchants Exchange.

He resides at 1617 Hinman Avenue, Evanston, Illinois.

CATHARINE C. TAUSSIG

Miss Catharine C. Taussig, the daughter of Professor Taussig, Head of the Political Economy Department of Harvard University, comes from Cambridge, Massachusetts.

She is a student at Bryn Mawr College of the class of 1919, and served with the Food Administration from July 8th, 1918, to September 4th, 1918. She was associated with Mrs. Gardner and Mrs. Glenny in the Home Conservation and correspondence work of the Distribution Division.

She resides at 2 Scott Street, Cambridge, Mass.

IRVING H. TAYLOR

Irving H. Taylor started in business with Blodget & Company, bonds, New York City, in 1908. In 1911 he entered the alkali business with the Michigan Alkali Company, Wyandotte, Michigan, and some time later engaged in the cattle raising business, near Big Horn, Wyoming.

He came to the Food Administration and volunteered his services, as he was anxious to do his bit to help win the war. For some time he was associated with the Complaint Section of the Distribution Division and later became General Correspondence Supervisor, continuing in that position until the fall of 1918.

RICHARD J. WALSH

Richard J. Walsh was born at Lyons, Kansas, in 1886. He graduated from Harvard University in 1907, at which time he entered newspaper work as reporter for the Boston *Herald.*

Some time later he became assistant secretary to the Boston Chamber of Commerce, and was made manager of the Curtis Publishing Company, of Philadelphia.

He is a writer of some reputation, being author of the publications "Boston," "Selling Forces," "Two Pages Facing," and "Two Color Advertising."

He became connected with the Distribution Division in September, 1917, acting as general publicity man and advertising representative, preparing copies of news items for the press, and cooperating in the work of the Public Education Division of the Food Administration.

For several months Mr. Walsh devoted two days of each week to the service of the Food Administration.

He is a member of the Art Club, Philadelphia, the Merion Cricket Club, also of that city, the Stowaways of New York City and the Harvard Club of New York.

At the time of his connection with the Food Administration he resided at Ardmore, Pennsylvania.

DANA F. WARD

Dana F. Ward was born at Chelsea, Mass., in 1874. He engaged in the wholesale fish business in 1900, organizing the firm of Whitman, Ward & Lee Co., of Boston. He is also Director and Advertising Manager of the Boston Fish Pier Co., which company has branches on both the Atlantic and Pacific Coasts.

During the winter of 1916-17 he was connected with the Massachusetts Food Commission, lecturing on the value of frozen fish as a food. When the Retail Section of the Distribution Division took over the distribution of perishables at retail, Mr. Ward was called to Washington in May, 1918, to take charge of the retail distribution of fish. Through his activities a complete survey of the fish situation throughout the United States was made, and material progress was effected in encouraging the use of those varieties of fish which were low priced and in plentiful supply.

He resides at Somerville, Mass.

J. SPENCER WEED

J. Spencer Weed is a native of Middletown, New York. After graduating from Williams College in 1904, he entered the employment of the Great Atlantic and Pacific Tea Company and is now General Superintendent in Charge of Operation.

He was called to Washington in the Spring of 1918, and during the early days of the Sugar Certificating plan he had charge of adjustments and complaints relative to Sugar Distribution.

Mr. Weed resides at Short Hills, N. J., and his business address is 150 Bay St., Jersey City, N. J.

He is a member of the Carteret Club of that city.

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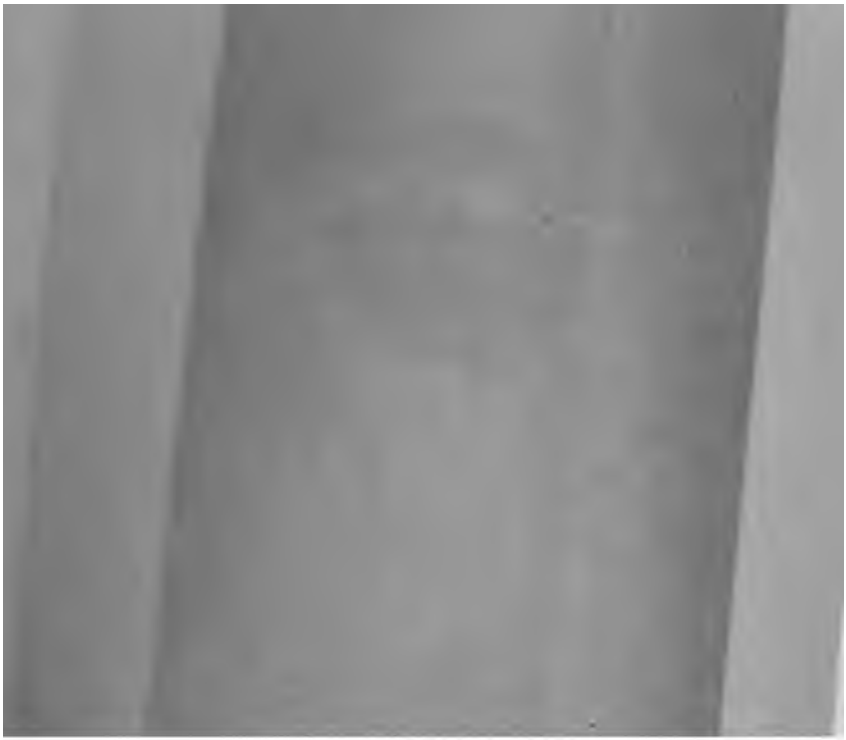

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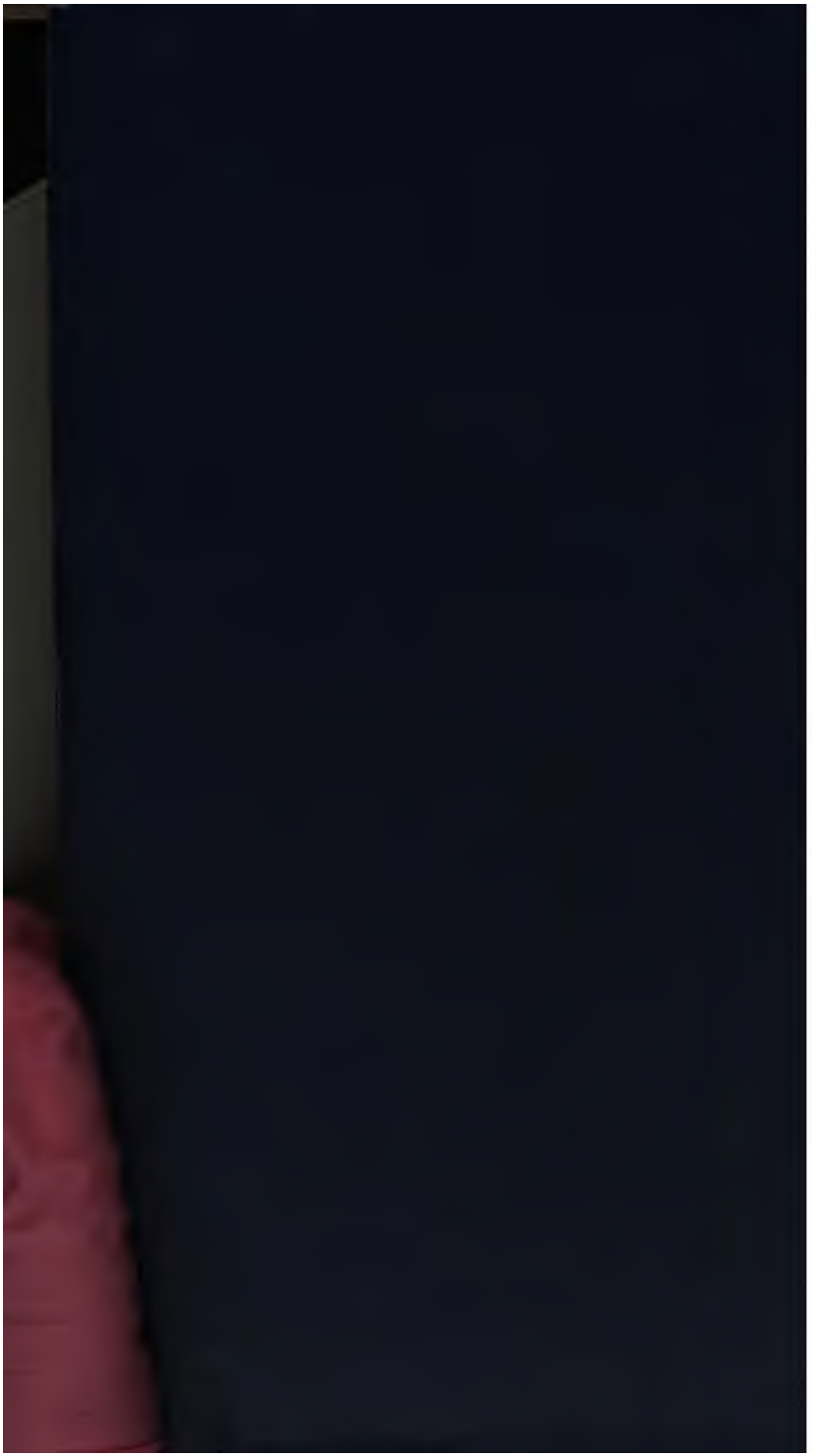
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